

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Mark Acton, Vice Chairman;
Ann C. Fisher;
Ashley E. Poling; and
Robert G. Taub

Market-Dominant Price Change

Docket No. R2023-2

ORDER ON PRICE ADJUSTMENTS FOR FIRST-CLASS MAIL, USPS MARKETING
MAIL, PERIODICALS, PACKAGE SERVICES, AND SPECIAL SERVICES PRODUCTS
AND RELATED MAIL CLASSIFICATION CHANGES



Washington, DC 20268-0001
May 31, 2023

TABLE OF CONTENTS

Page

I.	INTRODUCTION AND OVERVIEW	1
II.	BACKGROUND	3
III.	PROCEDURAL HISTORY	7
A.	Notice and Initial Commission Action.....	7
B.	Additional Information Regarding the Notice.....	8
C.	Comments	12
IV.	RESOLUTION OF CROSS-CLASS ISSUES.....	13
A.	CY 2024 Promotions.....	14
1.	Introduction	14
2.	Emerging and Advanced Technology Promotion (6-month promotion period during CY 2024)	15
3.	Informed Delivery Promotion (August 1 – December 31, 2024)	15
4.	Retargeting Mail Promotion (September 1 – November 30, 2024) 15	
5.	Reply Mail IMbA Promotion (July 1 – December 31, 2024).....	16
6.	Personalized Color Transpromo Promotion (February 1 – July 31, 2024).....	16
7.	Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1 – July 31, 2024)	17
8.	Comments.....	17
9.	Commission Analysis	19
B.	Comments Generally Addressing the Planned Price Adjustments	20
1.	Introduction	20
2.	Magnitude and Effects of Price Adjustments.....	21
3.	Application of the Workshare Discount Rules in 39 C.F.R. Part 3030, Subpart J.....	33
4.	The Applicability of the Objectives and Factors of 39 U.S.C. § 3622	36
5.	Frequency of Price Adjustment Proceedings	39
6.	Incentivization of Commingling/Co-mailing Operations	44

7.	Pricing Incentives	45
V.	FIRST-CLASS MAIL	47
A.	Introduction	47
B.	Price Adjustment Authority	47
1.	Introduction	47
2.	The Postal Service's Position	48
3.	Comments	49
4.	Commission Analysis	49
C.	Workshare Discounts	51
1.	Introduction	51
2.	The Postal Service's Position	51
3.	Comments	51
4.	Commission Analysis	52
D.	Mail Classification Changes	54
1.	Introduction	54
2.	The Postal Service's Position	54
3.	Comments	54
4.	Commission Analysis	55
E.	Other Comments Related to First-Class Mail	55
1.	Introduction	55
2.	Comments	56
3.	Commission Analysis	57
VI.	USPS MARKETING MAIL	59
A.	Introduction	59
B.	Price Adjustment Authority	59
1.	Introduction	59
2.	The Postal Service's Position	60
3.	Comments	62
4.	Commission Analysis	62
C.	Non-Compensatory Products	65
1.	Introduction	65

2.	The Postal Service's Position.....	65
3.	Comments.....	66
4.	Commission Analysis	66
D.	Workshare Discounts.....	67
1.	Introduction	67
2.	The Postal Service's Position.....	67
3.	Comments.....	68
4.	Commission Analysis	68
E.	Mail Classification Changes.....	70
1.	Introduction	70
2.	The Postal Service's Position.....	71
3.	Comments.....	77
4.	Commission Analysis	79
F.	Statutory Preferential Rates.....	86
G.	Nonprofit Discounts	86
VII.	PERIODICALS	86
A.	Introduction	86
B.	Price Adjustment Authority.....	87
1.	Introduction	87
2.	The Postal Service's Position.....	88
3.	Comments.....	88
4.	Commission Analysis	89
C.	Non-Compensatory Products.....	91
1.	Introduction	91
2.	The Postal Service's Position.....	91
3.	Comments.....	92
4.	Commission Analysis	92
D.	Workshare Discounts.....	94
1.	Introduction	94
2.	The Postal Service's Position.....	94
3.	Comments.....	94

4.	Commission Analysis	94
E.	Mail Classification Changes.....	96
1.	Introduction	96
2.	The Postal Service's Position.....	96
3.	Comments.....	97
4.	Commission Analysis	97
F.	Statutory Preferential Rates.....	97
1.	Introduction	97
2.	The Postal Service's Position.....	98
3.	Comments.....	99
4.	Commission Analysis	99
G.	Other Comments Related to Periodicals.....	100
1.	Introduction	100
2.	Comments.....	100
3.	Commission Analysis	100
VIII.	PACKAGE SERVICES	101
A.	Introduction	101
B.	Price Adjustment Authority.....	102
1.	Introduction	102
2.	The Postal Service's Position.....	103
3.	Comments.....	103
4.	Commission Analysis	103
C.	Non-Compensatory Products.....	104
1.	Introduction	104
2.	The Postal Service's Position.....	104
3.	Comments.....	104
4.	Commission Analysis	104
D.	Workshare Discounts.....	105
1.	Introduction	105
2.	The Postal Service's Position.....	105
3.	Comments.....	106

4.	Commission Analysis	106
E.	Mail Classification Changes.....	107
1.	Introduction	107
2.	The Postal Service's Position.....	108
3.	Comments.....	109
4.	Commission Analysis	109
F.	Statutory Preferential Rates.....	109
IX.	SPECIAL SERVICES	110
A.	Introduction	110
B.	Price Adjustment Authority.....	110
1.	Introduction	110
2.	The Postal Service's Position.....	111
3.	Comments.....	112
4.	Commission Analysis	112
C.	Non-Compensatory Products.....	114
1.	Introduction	114
2.	The Postal Service's Position.....	115
3.	Comments.....	115
4.	Commission Analysis	115
D.	Mail Classification Changes.....	116
1.	Introduction	116
2.	The Postal Service's Position.....	116
3.	Comments.....	118
4.	Commission Analysis	118
X.	ORDERING PARAGRAPHS	120

Attachment—Mail Classification Schedule

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Michael Kubayanda, Chairman;
Mark Acton, Vice Chairman;
Ann C. Fisher;
Ashley E. Poling; and
Robert G. Taub

Market-Dominant Price Change

Docket No. R2023-2

ORDER ON PRICE ADJUSTMENTS FOR FIRST-CLASS MAIL, USPS MARKETING
MAIL, PERIODICALS, PACKAGE SERVICES, AND SPECIAL SERVICES PRODUCTS
AND RELATED MAIL CLASSIFICATION CHANGES

(Issued May 31, 2023)

I. INTRODUCTION AND OVERVIEW

On April 10, 2023, the Postal Service filed notice of its planned price adjustments and related mail classification changes for Market Dominant products.¹ The planned price adjustments described in the Notice are the fourth to be filed and reviewed pursuant to the regulations of 39 C.F.R. part 3030, which were finalized in Order No. 5763 and include new forms of rate authority.² The Commission applies the

¹ United States Postal Service Notice of Market-Dominant Price Change, April 10, 2023 (Notice).

² See Docket No. RM2017-3, Order Adopting Final Rules for the System of Regulating Rates and Classes for Market Dominant Products, November 30, 2020 (Order No. 5763).

requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629 to determine whether the Postal Service's proposals are consistent with applicable law. 39 C.F.R. § 3030.126(b).

The Commission concludes that the planned price adjustments, with revisions described in the body of this Order, are consistent with the regulations of 39 C.F.R. part 3030 and applicable Commission directives and orders. The planned price adjustments are also consistent with the pricing requirements appearing in 39 U.S.C. § 3626 and do not implicate the pricing requirements appearing in 39 U.S.C. §§ 3627 and 3629. The Commission also concludes that the planned classification changes, with the revisions described in the body of this Order, are consistent with applicable law. All changes to the Mail Classification Schedule (MCS) appear in the Attachment following the signature line of this Order. However, the Commission also notes that there were a large number of material errors contained in the Postal Service's initial filing in this proceeding, including errors in the workpapers for all five mail classes. Such errors and issues not only undermine the efficiency of the Commission's review in this expedited proceeding, they also undermine the overall transparency of the proceeding for all participants and create delays and frustration for mailers and software companies working to implement the proposed price and classification changes. As explained in more detail below, as a result of these issues, the Commission directs the Postal Service to conduct an investigation into the source(s) of the issues with its initial filing and to file, no later than July 31, 2023, a report with the results of its investigation and its plan to correct the issues identified in this proceeding in future rate adjustment proceedings.

Table I-1 shows the percentage increases and total unused price authority available after this proceeding for each class as calculated by the Commission.

Table I-1
Percentage Increases and Total Unused Price Authority (By Class)

Class of Mail	Price Changes %	Total Unused Price Authority %
First-Class Mail	5.368	0.011
USPS Marketing Mail	5.378	0.003
Periodicals	8.122	0.000
Package Services	5.379	0.002
Special Services	5.232	0.210
Source: Library References PRC-LR-R2023-2-1 through PRC-LR-R2023-2-5, May 31, 2023.		

In Sections II. and III. of this Order, the Commission summarizes the relevant background and procedural history. In Section IV., the Commission addresses issues that apply across multiple classes relating to the proposed Calendar Year (CY) 2024 promotions and comments that raise general issues or apply to multiple classes. In Sections V. through IX., the Commission discusses the planned price adjustments and related price adjustment authority for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services, respectively. Non-compensatory products, workshare discounts, mail classification changes, statutory preferential rates, nonprofit discounts, and class-specific comments are also discussed where applicable to a particular class.

II. BACKGROUND

On April 10, 2023, the Postal Service filed a notice of a Market Dominant price change pursuant to 39 C.F.R. part 3030. See *generally* Notice. The regulations in 39 C.F.R. part 3030 have several key features applicable to this proceeding.

First, the regulations provide for multiple forms of rate authority. 39 C.F.R. § 3030.127(a). In particular, the maximum rate adjustment authority available to the Postal Service for each Market Dominant class is made up of the rate authority available under 39 C.F.R. part 3030, subpart C (Consumer Price Index Rate Authority); 39 C.F.R. part 3030, subpart D (Density Rate Authority); 39 C.F.R. part 3030, subpart E (Retirement Obligation Rate Authority); 39 C.F.R. part 3030, subpart G (Non-compensatory Classes or Products); and 39 C.F.R. part 3030, subpart H (Accumulation of Unused and Disbursement of Banked Rate Adjustment Authority). *Id.*

Pursuant to 39 C.F.R. part 3030, subpart C, the amount of Consumer Price Index Rate Authority available to the Postal Service for each class of mail in this proceeding is 3.406 percent. Notice at 3. Pursuant to 39 C.F.R. part 3030, subparts D and E, the Density Rate Authority and Retirement Obligation Rate Authority available to the Postal Service for each class of mail in this proceeding are 0.936 and 1.036 percent, respectively.³ In addition, 39 C.F.R. part 3030, subpart G provides for an additional 2 percentage points of rate authority for any class of mail where the attributable cost for that class exceeded the revenue from that class. 39 C.F.R. § 3030.222(a). In Fiscal Year (FY) 2022, the Periodicals class was the only class for which attributable cost exceeded revenue and thus is the only class eligible for the additional 2 percentage points of rate authority.⁴ Finally, the amount of banked rate authority available pursuant to 39 C.F.R. part 3030, subpart H varies by class, ranging from 0.001 percent for First-Class Mail to 0.744 percent for Periodicals.⁵ Added together, these forms of rate

³ *Id.* at 4; Docket No. ACR2022, Determination of Available Market Dominant Rate Authority, April 3, 2023, at 5, 9, 12 (Order No. 6472).

⁴ Docket No. ACR2022, *Annual Compliance Determination*, March 29, 2023, at 28 (FY 2022 ACD); Order No. 6472 at 12; Notice at 4.

⁵ Notice at 3; Docket No. R2023-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 28, 2022, at 2 (Order No. 6341).

authority make up the total available rate adjustment authority available to the Postal Service for each class of mail in this proceeding, as shown in Table II-1.

Table II-1
Total Available Rate Adjustment Authority (By Class)

Class	CPI-U (%)*	Density (%)	Retirement (%)	Non-Compensatory (%)	Banked (%)	Total (%)
First-Class Mail	3.406	0.936	1.036	0.000	0.001	5.379
USPS Marketing Mail	3.406	0.936	1.036	0.000	0.003	5.381
Periodicals	3.406	0.936	1.036	2.000	0.744	8.122
Package Services	3.406	0.936	1.036	0.000	0.003	5.381
Special Services	3.406	0.936	1.036	0.000	0.064	5.442
<p>* Pursuant to 39 C.F.R. § 3030.143, the calculation for a Partial Year Limitation = (Recent Average/Previous Recent Average)–1. In the Notice, Attachment C, column “12-Month Total Divided by 12,” the value for February 2023 is 295.584 (Recent Average) and the value for August 2022 is 285.848 (Previous Recent Average). Thus, the Partial Year Limitation = (295.584/285.848)–1 = 3.406 percent.</p> <p>Source: Library References PRC-LR-R2023-2-1 through PRC-LR-R2023-2-5.</p>						

Second, the regulations have requirements specific to non-compensatory products, which are products where the attributable cost for that product exceeds the revenue from that product. Whether a product is non-compensatory is determined by the Commission. 39 C.F.R. § 3030.220. The regulations provide that rates may not be reduced for any non-compensatory product. *Id.* § 3030.127(b). In addition, if a non-compensatory product is part of a class of mail that is compensatory overall, the rates for each non-compensatory product must increase by a minimum of 2 percentage points above the percentage increase for that class. *Id.* § 3030.221. However, this requirement “does not apply to a non-compensatory product for which the Commission has determined that the Postal Service lacks independent authority to set rates (such as rates set by treaty obligation).” *Id.*

Third, 39 C.F.R. part 3030, subpart J contains the requirements for workshare discounts. If a workshare discount is equal to the cost avoided by the Postal Service,⁶ the size of the discount cannot be changed. *Id.* § 3030.282(a). If a workshare discount exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased. *Id.* § 3030.282(b). Likewise, if a workshare discount is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. *Id.* § 3030.282(c).

In addition, the regulations provide specific limitations on how workshare discounts that do not equal the cost avoided can be set. Workshare discounts that exceed the cost avoided by the Postal Service are permissible only if: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent less than the existing workshare discount; (3) the proposed workshare discount has received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286; or (4) the proposed workshare discount is provided in connection with a subclass of mail, consisting exclusively of mail matter of educational, cultural, scientific, or informational value and is in compliance with 39 C.F.R. § 3030.285(c). *Id.* § 3030.283. Workshare discounts that are less than the cost avoided by the Postal Service are permissible only if: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent more than the existing workshare discount; (3) the proposed workshare discount has received an advance waiver from the Commission pursuant to 39 C.F.R. § 3030.286; or (4) the

⁶ The cost avoided refers to the cost avoided by the Postal Service for not providing the applicable service that the worksharing mailer is providing in lieu of the Postal Service. For the purposes of this proceeding, the cost avoided by the Postal Service refers to the amount identified in the FY 2022 ACD. *Id.* § 3030.280.

percentage passthrough⁷ for the proposed workshare discount is at least 85 percent.
Id. § 3030.284.

III. PROCEDURAL HISTORY

A. Notice and Initial Commission Action

On April 10, 2023, the Postal Service filed its Notice with the Commission pursuant to 39 C.F.R. part 3030. In its Notice, the Postal Service announced its intention to adjust the prices for Market Dominant products on July 9, 2023, at 12:01 a.m. by amounts that it represents are within the available price adjustment authority for each class of mail. Notice at 1, 3-5.

The Notice includes three attachments, which present the planned price and related product description changes to the MCS, workshare discount calculations, and calculation of the Consumer Price Index Rate Authority, respectively. *Id.* Attachments A-C. The Postal Service also filed six public library references and one non-public library reference in support of its Notice:

- | | |
|--|-----------------------------------|
| • Library Reference USPS-LR-R2023-2-1,
April 10, 2023 | First-Class Mail Workpapers |
| • Library Reference USPS-LR-R2023-2-2,
April 10, 2023 | USPS Marketing Mail
Workpapers |
| • Library Reference USPS-LR-R2023-2-3,
April 10, 2023 | Periodicals Workpapers |
| • Library Reference USPS-LR-R2023-2-4,
April 10, 2023 | Package Services Workpapers |
| • Library Reference USPS-LR-R2023-2-5,
April 10, 2023 | Special Services Workpapers |

⁷ The relationship between workshare discounts and avoided costs is usually expressed as a percentage called a passthrough, which is generally calculated by dividing the discount by the cost avoided. Workshare discounts with passthroughs below 100 percent are considered below-avoided-cost workshare discounts.

- Library Reference USPS-LR-R2023-2-6, April 10, 2023 Banked Rate Adjustment Authority Workpapers
- Library Reference USPS-LR-R2023-2-NP1, April 10, 2023 First-Class Mail International and Inbound Letter Post Workpapers (Nonpublic)⁸

The Postal Service requested non-public treatment of information pertaining to Outbound Single-Piece First-Class Mail International (Outbound Single-Piece FCMI) and Inbound Letter Post contained in Library Reference USPS-LR-R2023-2-NP1. Library Reference USPS-LR-R2023-2-NP1 Notice, Attachment 1.

On April 11, 2023, the Commission issued Order No. 6480, which provided public notification of the Notice; established Docket No. R2023-2 to consider the planned price adjustments' consistency with applicable statutory and regulatory requirements; appointed a Public Representative; and provided an opportunity for interested persons to comment.⁹

B. Additional Information Regarding the Notice

In response to questions presented in CHIRs, the Postal Service provided additional information relating to the planned price adjustments and classification

⁸ USPS Notice of Filing Public Library References, April 10, 2023; USPS Notice of Filing USPS-LR-R2023-2-NP1, April 10, 2023 (Library Reference USPS-LR-R2023-2-NP1 Notice). On April 17, 2023, the Postal Service filed revised workpapers for USPS Marketing Mail and Special Services with each library reference having revisions to one Excel file. USPS Notice of Errata and Filing Revised Public Library References, April 17, 2023. On April 21, 2023, April 26, 2023, and May 8, 2023, the Postal Service filed revised workpapers for First-Class Mail, USPS Marketing Mail, Periodicals, and Special Services in response to Chairman's Information Requests (CHIRs). USPS Notice of Filing Revised Public Library References, April 21, 2023; USPS Notice of Filing Revised Public Library References, April 26, 2023; USPS Notice of Filing Revised Public Library References, May 8, 2023. On May 9, 2023, the Postal Service filed revised workpapers for Package Services with the library reference containing revisions to one Excel file. United States Postal Service Notice of Erratum and Filing Revised Attachment, May 9, 2023.

⁹ Notice and Order on Price Adjustments and Classification Changes for Market Dominant Products, April 11, 2023 (Order No. 6480).

changes. The following summary, organized by class, highlights the Postal Service's filing of corrections to the MCS, attachments, and library references responsive to issues identified in the CHIRs. In addition, four questions were posed relating to the proposed CY 2024 promotions, which impact both First-Class Mail and USPS Marketing Mail.¹⁰ In response to these questions, the Postal Service provided additional information pertaining to the timing of its proposed CY 2024 promotions and clarified the effective dates of the CY 2024 promotions; confirmed that the CY 2023 Reply Mail Intelligent Mail barcode Accounting (IMbA) Promotion is intended to be available to Qualified Business Reply Mail (QBRM) letters and QBRM postcards and that relevant MCS description changes are applicable to the CY 2023 promotion; and stated that it did not intend to insert "Flats Only" into the MCS for the CY 2024 Emerging and Advanced Technology Promotion and the CY 2024 Tactile, Sensory, and Interactive Mailpiece Engagement Promotion.¹¹

Three questions were posed to the Postal Service relating to First-Class Mail.¹² In response to these questions, the Postal Service provided: a revised calculation of the First-Class Mail percentage change in rates; a revised calculation of its total unused

¹⁰ Chairman's Information Request No. 1, April 14, 2023, question 1 (CHIR No. 1); Chairman's Information Request No. 2, April 19, 2023, questions 1-3 (CHIR No. 2).

¹¹ Responses of the United States Postal Service to Chairman's Information Request No. 1, April 21, 2023, question 1 (Response to CHIR No. 1); Responses of the United States Postal Service to Chairman's Information Request No. 2, April 26, 2023, questions 1-3 (Response to CHIR No. 2).

¹² CHIR No. 1, question 2; Chairman's Information Request No. 4 and Notice of Filing Under Seal, April 26, 2023, question 1 (CHIR No. 4); Chairman's Information Request No. 5, May 3, 2023, question 1 (CHIR No. 5).

price adjustment authority; two revisions to Library Reference USPS-LR-R2023-2-1, Excel file "CAPCALC-FCM-R2023-2.xlsx;" and additional information on an Inbound Letter Post rate, including revised workpapers.¹³

Fifteen questions were posed to the Postal Service relating to USPS Marketing Mail.¹⁴ In response to these questions, the Postal Service provided additional information regarding the Notice, the workpapers in Library Reference USPS-LR-R2023-2-2, and the adjustments to the billing determinants, including filing revisions to Library Reference USPS-LR-R2023-2-2, Excel file "CAPCALC-USPSMM-R2023-2.xlsx;" provided changes needed to Attachment A to the Notice; requested approval of additional workshare discounts and provided related changes to Attachment A to the Notice; and provided additional information concerning the proposed Marriage Mail 2 oz. Incentive and the proposed changes to its pricing structure for flat-shaped USPS Marketing Mail.¹⁵

¹³ Response to CHIR No. 1, question 2; Library Reference USPS-LR-R2023-2-1_rev.4.21.2023, April 21, 2023, Excel file "CAPCALC-FCM-R2023-2.Rev.4.21.xlsx;" Response of the United States Postal Service to Chairman's Information Request No. 4, with Portions Filed Under Seal, May 1, 2023, question 1 (Response to CHIR No. 4); Library Reference USPS-LR-R2023-2-NP-1, May 1, 2023, Excel file "NON-PUBLIC Inbound CAPCALC-R20232_REVISED.xlsx;" Responses of the United States Postal Service to Chairman's Information Request No. 5, with Portions Filed Under Seal, May 8, 2023, question 1 (Response to CHIR No. 5); Library Reference USPS-LR-R2023-2-1 Rev.5.8, May 8, 2023, Excel file "CAPCALC-FCM-R2023-2-Rev.5.8.xlsx;" Library Reference USPS-LR-R2023-2-NP1, May 8, 2023, Excel files "CAPCALC-FCMI-R2023-2_REVISED.xlsx," "R2023-2 FCMI Workpapers Preface_REVISED," and "Inbound CAPCALC-R2023-2_REVISED."

¹⁴ CHIR No. 1, questions 12-16; CHIR No. 2, questions 14-19; CHIR No. 4, question 2; CHIR No. 5, questions 2-4.

¹⁵ Response to CHIR No. 1, questions 12-16; *id.* Attachment A at 50; Library Reference USPS-LR-R2023-2-2_rev.4.21.2023, April 21, 2023, Excel files "CAPCALC-USPSMM-R2023-2.Rev.4.21.xlsx" and "STD MCS FY2023_CHIR1Q15.xlsx;" Response to CHIR No. 2, questions 14-19; *id.* Attachment A at 25, 30-37, 43-46, 51, 54, 56-62, 66; Response to CHIR No. 4, question 2; Response to CHIR No. 5, questions 2-4; Library Reference USPS-LR-R2023-2-2 Rev.5.8 USPS Marketing Mail Workpapers, May 8, 2023, file "USPS-FY22-14.Preface.pdf," Excel file "CAPCALC-USPSMM-R2023-2.Rev.5.8.xlsx," and folder "CHIR5Q2to4" (containing 9 Excel files); Updated and Corrected Response of the United States Postal Service to Chairman's Information Request No. 1, Question 15, May 8, 2023, question 15 and Attachment A at 54-55, 63 (Revised Response to CHIR No. 1, question 15).

Nine questions were posed to the Postal Service relating to Periodicals. CHIR No. 1, questions 3-11. In response to these questions, the Postal Service corrected errors in Library Reference USPS-LR-R2023-2-3, including filing revisions to Excel file “USPS-CAPCAL-PER-R2023-2.xlsx;” provided changes needed to Attachment A to the Notice; revised the proposed editorial pound price for mailings at “All Other” dropship levels as well as the proposed price for Carrier Route bundles in Mixed area distribution center (ADC) containers; and made changes to the related MCS price tables, Attachment B to the Notice, and the workpapers to reflect the proposed price changes.¹⁶

One question was posed to the Postal Service relating to Package Services. CHIR No. 2, question 13. In response to this question, the Postal Service confirmed the previous rate for Bound Printed Matter (BPM) Flats, Forwarding-and-Return-Service, and provided a corrected MCS page in legislative format.¹⁷

Eleven questions were posed to the Postal Service relating to Special Services.¹⁸ In response to these questions, the Postal Service provided additional information regarding the workpapers in Library Reference USPS-LR-R2023-2-5 and adjustments to the billing determinants, including filing a revision to Library Reference USPS-LR-R2023-2-5, Excel file “R2023-2 Special Services CapCalc.xlsb” and the quarterly billing determinants; provided changes needed to Attachment A to the Notice; and provided additional information about its proposed removal of the Customized Address price

¹⁶ Response to CHIR No.1, questions 3-11; *id.* Attachment A at 63, 64, 66; Library Reference USPS-LR-R2023-2-3_rev.4.21.2023, April 21, 2023, Excel files “Attach.B.2023-2.PER.4.21.xlsx” and “USPS-CAPCAL-PER-R2023-2.Rev.4.21.xlsx.”

¹⁷ Response to CHIR No. 2, question 13; *id.* Attachment A at 72.

¹⁸ CHIR No. 2, questions 4-12; Chairman’s Information Request No. 3, April 21, 2023, question 1 (CHIR No. 3); CHIR No. 5, question 5.

category, its Bulk Insurance price category, and the elimination of certain service type code (STC)/extra service code (ESC) combinations.¹⁹

C. Comments

The Commission received comments on the planned price adjustments from the following participants: the Alliance of Nonprofit Mailers (ANM), Frank Cutrone, the Greeting Card Association (GCA), Jane King, the National Association of Presort Mailers (NAPM), the National Newspaper Association (NNA), the National Postal Policy Council (NPPC), the News/Media Alliance (N/MA), the North Dakota Association of Rural Electric Cooperatives (NDARECs), Pitney Bowes Inc. (Pitney Bowes), the Association for Postal Commerce (PostCom), the Public Representative, Joe Redding, the Saturation Mailer's Coalition (SMC), Joan Spainhower, John Stella, Valpak Direct

¹⁹ Response to CHIR No. 2, questions 4-12; *id.* Attachment A at 104 and Excel file "R2023-2-CHIR-2-Q6a.xlsx;" Responses of the United States Postal Service to Chairman's Information Request No. 3, April 26, 2023, question 1 (Response to CHIR No. 3); Library Reference USPS-LR-R2023-2-5_Rev.4.26, April 26, 2023, Excel files "R2023-2 Special Services CapCalc.Rev.4.26.xlsb," "1Q23 Special Services --- Billing Determinants.Rev.4.26.xlsx," "FY22Q2 – FY23Q1 Special Services Hybrid Year.Rev.4.26.xlsx," and "4Q22 Special Services --- Billing Determinants.Rev.4.26.xlsx;" Response to CHIR No. 5, question 5.

Marketing Systems, Inc. (Valpak), and Ann Younger.²⁰ This Order summarizes and analyzes these comments where relevant to the issues presented.

IV. RESOLUTION OF CROSS-CLASS ISSUES

This section resolves issues that apply across multiple classes relating to the proposed CY 2024 promotions and addresses comments that generally object to the Postal Service's planned price adjustments or otherwise address the planned price adjustments more generally.

²⁰ Comments of Alliance of Nonprofit Mailers, May 10, 2023 (ANM Comments); Comment Received from Frank Cutrone, Chief of Operations for Newsday and Hometown Shopper, May 24, 2023 (Cutrone Comments); Comments of the Greeting Card Association, May 10, 2023 (GCA Comments); Comment Received from Jane King, May 17, 2023 (King Comments); Comments of the National Association of Presort Mailers, May 10, 2023 (NAPM Comments); Comments of National Newspaper Association, May 10, 2023 (NNA Comments); Comments of the National Postal Policy Council, May 10, 2023 (NPPC Comments); Comments of N/MA - the News/Media Alliance, May 10, 2023 (N/MA Comments); Comments of North Dakota Association of Rural Electric Cooperatives, May 11, 2023 (NDARECs Comments); Comments of Pitney Bowes Inc., May 10, 2023 (Pitney Bowes Comments); Comments of the Association for Postal Commerce, May 10, 2023 (PostCom Comments); Public Representative Comments, May 10, 2023 (PR Comments); Comment Received from Joe Redding, May 4, 2023 (Redding Comments); Comments of the Saturation Mailer's Coalition in Support of the Proposed Marriage Mail 2 oz. Incentive, May 5, 2023 (SMC Comments); Comment Received from Joan Spainhower, April 21, 2023 (Spainhower Comments); Comment Received from John Stella, May 11, 2023 (Stella Comments); Comments of Valpak Direct Marketing Systems, Inc., May 9, 2023 (Valpak Comments); Comment Received from Ann Younger, April 26, 2023 (Younger Comments). The Commission notes that the Cutrone Comments, King Comments, NDARECs Comments, and Stella Comments were posted to the docket in this proceeding after the comment deadline. In addition, Frank Cutrone and Jane King each filed letters requesting that the Commission accept their late filed comments. Motion for Late Acceptance of Frank Cutrone's Comment, May 24, 2023 (Cutrone Motion); Motion for Late Acceptance of Comment Received from Jane King, May 19, 2023 (King Motion). The Commission notes that no party objected to these filings and that its consideration of these comments in this proceeding does not prejudice any party and will not delay the proceeding. Therefore, the Commission grants the Cutrone Motion and the King Motion and considers the Cutrone Comments, King Comments, NDARECs Comments, and Stella Comments in this proceeding.

A. CY 2024 Promotions

1. Introduction

In CY 2023, the Postal Service is offering six previously approved promotions applicable to First-Class Mail and USPS Marketing Mail: Reply Mail IMbA (July 1 – December 31, 2023); Retargeting Mail (September 1 – November 30, 2023); Emerging and Advanced Technology (May 1 – November 30, 2023); Informed Delivery (August 1 – December 31, 2023); Personalized Color Transpromo (February 1 – July 31, 2023); and Tactile, Sensory, and Interactive Mailpiece Engagement (February 1 – July 31, 2023). Notice at 34; see Order No. 6341 at 11-16. Three of the promotions apply to both eligible First-Class Mail products and eligible USPS Marketing Mail products—the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion; the Emerging and Advanced Technology Promotion; and the Informed Delivery Promotion. Notice at 34. In addition, the Personalized Color Transpromo Promotion; the Reply Mail IMbA Promotion; and the Retargeting Mail Promotion apply only to eligible First-Class Mail. *Id.*

In CY 2024, the Postal Service proposes to offer the same six promotions, with a change to the Emerging and Advanced Technology Promotion that will allow the mailer to select the start date of a 6-month period in which the mailer may participate in the promotion rather than having a preset promotion period during CY 2024. *Id.* at 34-35. The Postal Service also proposes changes to the MCS to reflect the proposed CY 2024 promotions. See *generally* Notice, Attachment A. The Postal Service states that its proposed MCS changes relevant to the CY 2024 promotions should go into effect on January 1, 2024. Response to CHIR No.1, question 1.b.

2. Emerging and Advanced Technology Promotion
(6-month promotion period during CY 2024)

The Postal Service plans to offer a 3 or 4 percent postage discount on eligible First-Class Mail letters, cards, and flats, and USPS Marketing Mail letters and flats that meet the Emerging and Advanced Technology Promotion requirements. Notice at 34-35. The promotion “encourages mailers to incorporate mobile and other technologies into their mail pieces.” *Id.* at 34. To qualify for the 3 percent discount, “eligible technologies include Mobile Shopping, Enhanced Augmented Reality (AR), and Basic Integration with Voice Assistant.” *Id.* at 35. Technologies eligible for the 4 percent discount “include Video in Print, NFC, Virtual Reality (VR)/Mixed Reality (MR), and Advanced Integration with Voice Assistant.” *Id.* Mailers will select a start date for a 6-month promotion period within CY 2024. *Id.*

3. Informed Delivery Promotion
(August 1 – December 31, 2024)

The Postal Service plans to offer a 4 percent discount off postage for First-Class Mail automation letters, cards, and flats and USPS Marketing Mail automation letters and flats “that incorporate best practices and techniques in their Informed Delivery campaigns.” *Id.* In addition, the Postal Service continues to include a 0.5 percent incentive for the mail preparer. *Id.* The Postal Service intends for this promotion to continue increasing the adoption rate of the Postal Service’s Informed Delivery platform. *Id.*

4. Retargeting Mail Promotion
(September 1 – November 30, 2024)

The Postal Service plans to offer a 5 percent postage discount on First-Class Mail automation postcards that meet the Retargeting Promotion requirements. *Id.* Qualifying postcards are those “mailed in connection with website or app behavior

during the established program period” and “[m]ailers must be preapproved prior to participation.” *Id.*

5. Reply Mail IMbA Promotion
(July 1 – December 31, 2024)

The Postal Service plans to offer a 3 or 6 percent discount on First-Class Mail QBRM letters and postcards that meet the Reply Mail IMbA Promotion requirements. *Id.* at 35-36. To receive a 3 percent discount, mailpieces must use static IMbA on qualifying postage; to receive a 6 percent discount, mailpieces must use serialized IMbA. *Id.* Mailers must enroll to participate. *Id.* at 36. For both CY 2023 and CY 2024, the Postal Service proposes to modify the description of the promotion to clarify that the discount applies to applicable QBRM mailpieces and to move the description of the promotion from MCS § 1110 (Presorted Letters/Postcards) to MCS § 1105 (Single-Piece Letters/Postcards). *Id.* at 39-40; Response to CHIR No. 2, question 1. These proposed changes are discussed in Section V.D., *infra*.

6. Personalized Color Transpromo Promotion
(February 1 – July 31, 2024)

The Postal Service plans to offer a postage discount on First-Class Mail presort and automation letters—bills and statements only—that meet the Personalized Color Transpromo Promotion requirements. Notice at 36. The promotion encourages mailers “to incorporate color marketing messaging to foster a better connection and response from their customers” and “to invest in color print technology.” *Id.* A 3 percent postage discount would be available “to mailers who use dynamic and variable color print for personalized, transpromotional marketing messages on their bills and statements that do[] not include Courtesy Reply Mail or Business Reply Mail.” *Id.* A 4 percent postage discount would be available if Courtesy Reply Mail or Business Reply Mail is included. *Id.* For mailers that participated in this promotion in a prior year, the mailpiece must incorporate both dynamically printed color and personalized messaging to qualify for the

CY 2024 promotion unless it meets specific exceptions. *Id.* Attachment A at 12. Mailers that did not participate in this promotion in a prior year need only satisfy the dynamic color printing requirement to qualify for the CY 2024 promotion. *Id.*

7. Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1 – July 31, 2024)

The Postal Service plans to offer a 5 percent postage discount on First-Class Mail letters, cards, and flats, and USPS Marketing Mail letters and flats that meet the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion requirements. *Id.* at 36-37. The Postal Service states that the promotion would encourage mailers to enhance customer engagement with mailpieces by “using advanced print innovations in paper and stock, substrates, inks, interactive elements, and finishing techniques.” *Id.* at 36.

8. Comments

The Public Representative states that the proposed promotions are consistent with applicable law and the requirements of 39 C.F.R. part 3030. PR Comments at 18. NAPM supports the proposed promotions and commends the Postal Service for continuing to offer them, stating they help retain and grow volume, support new technologies and mailpiece designs that increase response rates, and allow for new forms of customer experience. NAPM Comments at 7. In particular, NAPM commends the development and implementation of an incentive for the mail preparer as part of the Informed Delivery Promotion, which it asserts recognizes the financial risk taken by mail preparers in supporting promotions. *Id.* NAPM commends the Postal Service for including CY 2024 promotions in this price change filing, noting that mailers need time to prepare and participate in promotions, and advanced notice helps bolster participation. *Id.* NAPM contends that the CY 2024 promotions do not need to be limited to those included in this filing, and states that the Postal Service and mailers are

discussing additional potential CY 2024 promotions that could be included in a subsequent price change filing. *Id.* Finally, NAPM encourages the Postal Service to continue working with the commingle industry to improve promotions. *Id.*

NPPC also commends the Postal Service for continuing to offer promotions and encourages the Postal Service to continue innovating promotions in collaboration with mailers. NPPC Comments at 7, 8. NPPC strongly supports the Postal Service including CY 2024 promotions in this price adjustment filing. *Id.* at 7. NPPC states that “planning and preparing for the promotions can take a surprisingly large amount of time,” and that advanced notice should enable mailers to plan and budget effectively. *Id.* at 8. NPPC further commends the Postal Service’s proposal to allow mailers to select the 6-month period in which they intend to use the Emerging and Advanced Technology Promotion. *Id.* Additionally, NPPC asserts that promotions could be even more effective if the successful promotions were converted into permanent incentives. *Id.* at 7, 8. NPPC notes that First-Class Mail lacks permanent incentives that encourage volume growth or retention, and that the Postal Service “should consider converting some promotions into permanent year-round incentives to obtain ongoing benefits.” *Id.* at 8.

9. Commission Analysis

The Commission approves all CY 2024 promotions as proposed.²¹ Over the course of this proceeding, the Commission identified issues in the MCS changes proposed by the Postal Service in Attachment A to the Notice. First, the Postal Service appeared to propose limiting the Emerging and Advanced Technology Promotion and the Tactile, Sensory, and Interactive Mailpiece Engagement Promotion for the High Density and Saturation Flats/Parcels product within the USPS Marketing Mail class to flats only. Notice, Attachment A at 29, 35-36. In response to a CHIR, the Postal Service clarified that it added the flats only limitations in error. Response to CHIR No. 2, questions 2-3. As a result, the Commission will not make these changes to the MCS, and they are not reflected in the Attachment to this Order.

Second, the Postal Service proposed changes to the dates for the promotions to reflect the CY 2024 promotion dates but did not present the full scope of the proposed changes in legislative format. See, e.g., Notice, Attachment A at 8, 11-12. The Attachment to this Order reflects the full scope of these changes in legislative format. The Commission reminds the Postal Service that 39 C.F.R. § 3030.122(d) requires that a notice of price adjustment include “[a] schedule of the planned rate adjustments, including a schedule identifying *every change* to the Mail Classification Schedule that

²¹ The Commission notes that, as in recent years, the Personalized Color Transpromo Promotion has differing requirements for prior year and new participants. Notice, Attachment A at 12. In Docket No. R2021-1, the Commission noted that the structure of the CY 2021 Personalized Color Transpromo Promotion could be interpreted as raising issues that were the subject of a previous Commission rulemaking and stated that the Commission would consider these issues in a new rulemaking. Docket No. R2021-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 18, 2020, at 11 n.17 (Order No. 5757). See Docket No. RM2020-5, Order Adopting Final Rules Regarding Rate Incentives for Market Dominant Products, May 15, 2020, at 6-7, 10-11 (Order No. 5510); Docket No. RM2020-5, Notice of Intent to Reconsider, August 26, 2020, at 2 (Order No. 5655); Docket No. R2021-2, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, July 19, 2021, at 16 n.23 (Order No. 5937); Order No. 6341 at 16, n.17. Those issues remain pending before the Commission. See Docket No. RM2020-5, Notice of Proposed Rulemaking to Amend Rules Regarding Rate Incentives for Market Dominant Products, November 14, 2022 (Order No. 6325).

will be necessary to implement the planned rate adjustments.” 39 C.F.R. § 3030.122(d) (emphasis added). In future price adjustment filings, the Postal Service must appropriately identify every change proposed to the MCS consistent with 39 C.F.R. § 3030.122(d).

In addition, the Commission notes the majority of the proposed MCS changes shown in the Attachment to this Order go into effect with the new prices on July 9, 2023. However, that is not true of the dates for the CY 2024 promotions and the modified description of the Emerging and Advanced Technology Promotion (which allows mailers to choose an individualized promotion start date in CY 2024) because all of the CY 2023 promotions will still be on-going on or after July 9, 2023 and should not be overridden in the MCS by the CY 2024 promotions’ dates and descriptions. As a result, the MCS changes related to the CY 2024 promotions should not be added to the MCS until January 1, 2024. Accordingly, the following sections’ MCS changes related to the CY 2024 promotions’ dates and the modified description of the Emerging and Advanced Technology Promotion are effective January 1, 2024, and will not be added until that date: sections 1105, 1110, 1115, 1205, 1210, 1215, 1220, and 1225.²²

The Commission encourages the Postal Service to continue to engage in dialogue with its stakeholders regarding the potential to develop additional promotions and incentives in the future.

B. Comments Generally Addressing the Planned Price Adjustments

1. Introduction

Multiple commenters raise objections and make comments addressing the Postal Service’s planned price adjustments overall or the underlying regulations more

²² The Commission addresses MCS-related classification changes to the CY 2023 Reply Mail IMbA Promotion in Section V.D., *infra* and notes that the changes related to the Reply Mail IMbA Promotion (except for the change in dates) are effective July 9, 2023.

generally, rather than targeting comments toward a specific class, product, or rate cell.²³ In this section, the Commission summarizes and addresses those comments by topic. Topics addressed in this section include the magnitude and effects of price adjustments; the application of the rules in 39 C.F.R. part 3030, subpart J; the applicability of the objectives and factors of 39 U.S.C. § 3622; the frequency of price adjustment proceedings; the incentivization of commingling/co-mailing; and pricing incentives. To the extent comments raise specific issues or topics covered elsewhere in this Order, those comments are addressed where relevant to the issues presented.

2. Magnitude and Effects of Price Adjustments

Comments. NPPC expresses concern about the magnitude of recent Market Dominant price adjustments. NPPC Comments at 2. Using First-Class Mail as an example, NPPC states that “the compounded increase [since 2021] for Presort Letters/Postcards exceeds 25 percent, and approaches 40 percent for First-Class Flats” and notes that the increases proposed for these products in this proceeding are “large.” *Id.* NPPC represents that inflation has risen by less than 15 percent over that period and asserts that “more than one-third of the increases is due to the Postal Service’s unrestrained use of the additional rate authorities adopted in Docket No. R[M]2017-3.” *Id.*

NPPC states that such increases are “discouraging to business mailers” and volumes are declining as a result because fixed corporate mailing budgets cannot keep

²³ Each of the Market Dominant classes consists of multiple products. The term product “means a postal service with a distinct cost or market characteristic for which a rate or rates are, or may reasonably be, applied.” 39 U.S.C. § 102(6). Within each product, there may be multiple rate cells, which refer to each price. Where helpful, this Order also refers to categories, which refer to groups of rate cells, either within a single product or multiple products. By way of example, Periodicals (class) consists of two products (In-County and Outside County). The Outside County product has more than a hundred rate cells that provide prices based on numerous criteria such as per pound rates versus per piece rates, presortation level and barcoding, usage of a container (pallet versus sack/tray) versus bundle, induction point, advertising content, and statutory preferences accorded to certain publications such as nonprofit or classroom. See Library Reference PRC-LR-R2023-2-3, Excel file “PRC-CAPCALC-PER-R2023-2.xlsx.”

up with the increases. *Id.* at 3. NPPC argues that “the loss of First-Class volume has accelerated rapidly – compared to both plan and the same period last year – notably since January of this year, not-so-coincidentally the month in which the third increase in 17 months took effect.” *Id.* NPPC asserts that this suggests the Postal Service is not accurately forecasting the volume impacts of price increases and that the Postal Service’s demand models are incorrect. *Id.* at 3-4. NPPC also suggests that this demonstrates that the Postal Service is not trying to retain volume but simply trying “to extract as much revenue . . . as possible so long as there is any meaningful amount of volume in the system” and that the regulatory system does not constrain the Postal Service from doing so. *Id.* at 4.

NPPC also criticizes the Postal Service’s failure to provide policy or pricing rationales for its pricing proposals, although it concedes that the regulations do not require this and that “the newly noticed rates appear to be lawful within the permissive regulations currently in effect.” *Id.* at 2, 5. NPPC notes that the Postal Service’s Delivering for America Plan called for “judicious and appropriate” use of rate authority and “optimizing revenues and contribution.”²⁴ NPPC asserts the “judicious” part “begs for additional explanation[,]” particularly because the Delivering for America Plan “does not call for constant, repeated, and large rate increases, nor does it explain the rationales underlying either the overall rate increases or for specific rates.” *Id.* at 5-6.

PostCom asserts that the proposed price increases in this proceeding are “further evidence that [the] rate regulations enacted by the Commission have facilitated excessive use of rate authority and resulted in rates for many Market Dominant products that far exceed the just and reasonable standard that ought to guide regulation of monopoly rates.” PostCom Comments at 1. PostCom concedes that the proposed

²⁴ *Id.* at 5 (citing United States Postal Service, Delivering for America: Our Vision and Ten-Year Plan to Achieve Financial Sustainability and Service Excellence, March 23, 2021, at 38, 40, 46, available at https://about.usps.com/what/strategic-plans/delivering-for-america/assets/USPS_Delivering-ForAmerica.pdf).

prices conform to the rules but argues that “that conformance is only further evidence that the rules encourage unreasonable pricing practices and are harming both the Postal Service and its customers.” *Id.* PostCom asserts that “mail volumes have been declining at an unprecedented rate that calls the Postal Service’s own-price elasticity assumptions into question” and that “market dominant volume losses are accelerating” as mail becomes less desirable than digital marketing channels. *Id.* at 2-3. PostCom also argues that the Postal Service does not appear to have “a long-term strategy—beyond simply using maximum authority—that accounts for the volume effects of its price changes or the changes in mailer behavior they are inducing.” *Id.* at 2.

PostCom states that the Commission should immediately act on its petition to initiate a rulemaking revisiting the regulations put in place by Docket No. RM2017-3. PostCom Comments at 1. PostCom argues that the Commission must recognize its contribution to the current challenges because “[b]y providing incentives that reward the Postal Service with more rate authority when it loses volume, regardless of whether the Postal Service rei[]ns in its costs, and endorsing mid-year price increases, the Commission has encouraged and enabled . . . destructive practices.” *Id.* at 3. PostCom asserts that the density rate authority rewards volume declines and causes “the risks of miscalculation [to be] borne solely by the mailers.” *Id.* at 5. GCA also argues that the petitions pending before the Commission to revisit the regulations, particularly the density and retirement obligation rate authorities, should be acted on sooner or a review of the Market Dominant ratemaking system should occur sooner due to the magnitude of recent price increases. GCA Comments at 3.

ANM notes that the cumulative price increases between January 2021 and July 2023 for First-Class, USPS Marketing Mail, and Periodicals range from 26.8 percent to 34.0 percent. ANM Comments at 1-2. ANM states that it had predicted that such increases would result in decreases in volumes and “harm mailers, consumers, and the Postal Service itself.” *Id.* at 2. ANM asserts that recent financial numbers for the Postal

Service show that “this pricing strategy is folly” and that “mail volume is plummeting, package volume is also falling, and overall [Postal Service] revenue is down.”²⁵ Using several of its member nonprofits as examples, ANM explains that recent price increases have directly caused nonprofits to decrease volumes and argues that “[t]he Commission must take into account how the Postal Service’s pricing strategy impacts nonprofit mailers.” *Id.* at 5-6. ANM voices concern that “the large volume decline this year will generate substantial density based above-CPI rate authority for July 2024 which, if the Postal Service continues to exercise all of its available rate authority, will worsen the downward spiral.” *Id.* at 5.

ANM criticizes the Postal Service for using nearly all of its available price adjustment authority, which it states is “neither necessary nor wise” and “will further exacerbate the Postal Service’s financial condition.” *Id.* at 3. ANM notes that the Postal Service could elect to bank rate authority for later use and asserts that “it does not need more cash now.” *Id.* It further asserts that given the Postal Service’s cash on hand, “the ‘judicious’ and ‘prudent’ course is to smooth out price increases over time rather than subject market-dominant mailers to rate shock every six months.” *Id.* ANM urges the Commission to reject the proposed price increases. *Id.* at 7.

NDARECs states that the magnitude of the rate increases since 2021 “have disproportionately affected rural people and the organizations that service them.” NDARECs Comments at 1. NDARECs alleges that these increases run counter to the Postal Service’s mission to provide service to rural areas and “deepen the equity gap experienced by the thousands of people living in underserved rural communities.” *Id.* NDARECs states that the price increases have caused it to reduce pages in its publication as it pursues cost-containment efforts and studies the delivery method of its

²⁵ *Id.* See *id.* at 3-5 (discussing the recent declines in revenues and volumes).

publication. *Id.* at 2. It states these efforts and similar ones in other states will result in continued volume declines. *Id.*

N/MA expresses concern about the recent increases for Periodicals, which including the increases in this proceeding, it asserts will exceed 32 percent since August 2021. N/MA Comments at 1. N/MA notes that Periodicals' volumes "have plummeted" in recent years despite their "critical role in disseminating news and information to communities and preventing more news deserts." *Id.* at 2. N/MA also states that service performance for Periodicals "remains far below published standards." *Id.* at 1. N/MA notes that the Postal Service did meet its service performance target in FY 2022 but asserts that the target was set "extremely low" and expresses concern that the true service picture is not fully known given the amount of Periodicals mail with service that is not measured. *Id.* at 1-2. N/MA also notes that the Postal Service revised its service standards for Periodicals downward in Docket No. N2021-1. *Id.*

NNA expresses similar concerns, stating that the increases proposed in this proceeding in conjunction with other recent increases "handcuffs our members" because "[t]here is simply no way for publishers to recoup this additional expense." NNA Comments at 1. NNA states that many newspapers are closing down, and "[w]hile postage increases are certainly not the only force driving these endings, the one-two punch of unreliable mail delivery and aggressive price increases are among the preventable causes." *Id.*

Joe Redding also expresses concerns about service, stating he opposes the proposed First-Class Mail rate increase "until the Postal Service improves the quality of its delivery process." Redding Comments at 1. He describes various service-related issues he has experienced in recent months and asserts that rate increases should be denied until service improves. *Id.*

Jane King also disapproves of the proposed price increases, particularly for First-Class Mail. King Comments at 1. She notes that the price increases are making

customers stop using the Postal Service and turn to other providers. *Id.* She states that better service and lower prices would be a better strategy to “make customers want to use the [Postal Service] for all their mailing needs.” *Id.*

The Public Representative notes that he “received a significant number of communications expressing concern with these proposed increases in light of recent mail volume declines[;]” however, he “ultimately concludes that the Postal Service’s proposed rate increases are consistent with the modified price cap for each respective Market Dominant class.” PR Comments at 5.

Commission analysis. In Docket No. RM2017-3, the Commission reviewed the initial ratemaking system put in place by the Postal Accountability and Enhancement Act (PAEA) to determine if the system was achieving the objectives of 39 U.S.C. § 3622(b), taking into account the factors of 39 U.S.C. § 3622(c).²⁶ Objective 5 provides that the ratemaking system is to “assure adequate revenues, including retained earnings, to maintain financial stability.” 39 U.S.C. § 3622(b)(5). After reviewing the initial ratemaking system pursuant to 39 U.S.C. § 3622(d)(3), the Commission found that financial stability had not been achieved because total revenue had been inadequate to cover total costs, resulting in the Postal Service suffering a net loss every year during the first decade of the PAEA era.²⁷ Over time, the accumulation of net losses resulted in accumulated deficits, which prevented the Postal Service from being able to achieve retained earnings. Order No. 4257 at 169-71. In the decade after the PAEA was enacted, the Postal Service suffered a cumulative net loss of \$59.1 billion and defaulted on the vast majority of its statutory payment obligations. Order No. 5763 at 7. The Commission determined that since the enactment of the PAEA, the Postal Service had

²⁶ 39 U.S.C. § 3622(d)(3). See Postal Accountability and Enhancement Act, Pub. L. 109-435, 120 Stat. 3198 (2006).

²⁷ Docket No. RM2017-3, Order on the Findings and Determination of the 39 U.S.C. § 3622 Review, December 1, 2017, at 165-69, 247-49 (Order No. 4257).

not had any working capital (assets in excess of liabilities), its capital expenditure ratio had declined, and its debt ratio had steadily increased. Order No. 4257 at 172-75.

In light of these findings, the Commission found that modifications to the initial ratemaking system were necessary to achieve the PAEA's statutory objectives, including Objective 5. 39 U.S.C. § 3622(d)(3); Order No. 5763 at 285-86, 333-48. Those modifications include additional forms of rate authority that have contributed to the magnitude of recent price increases referenced by the commenters. The Commission found that providing additional rate authority to mitigate the near-term financial pressure on the Postal Service is necessary to lead to financial stability. *Id.* at 341. In reviewing the Commission's decision, the Court of Appeals for the D.C. Circuit concluded "the Commission articulated a rational connection between the statutory objectives and the decision it made" and that petitioners "offer[ed] no basis for the court to conclude that the Commission's decision was arbitrary and capricious in meeting the statutory objectives."²⁸

Several commenters argue that the Postal Service's decision to use nearly all of its rate adjustment authority and the resulting amount of the increases are excessive and unreasonable. However, the Commission found that giving the Postal Service the means to raise prices by amounts greater than previously permitted (which was limited to the change in inflation absent extraordinary or exceptional circumstances) was necessary for the achievement of financial stability, and the Commission targeted the new forms of rate authority to address discrete sources of costs over which the Postal Service does not have direct control. Thus, it is expected that increases would exceed inflation as NPPC points out. See NPPC Comments at 2.

²⁸ *Nat'l Postal Pol'y Council v. Postal Regul. Comm'n*, 17 F.4th 1184, 1195 (D.C. Cir. 2021), *cert. denied*, No. 21-1124 (U.S. June 27, 2022).

While commenters take particular issue with the density rate authority because it permits rate authority to compensate for declines in density (*i.e.*, volume per delivery point), which they allege exacerbates volume declines, the Commission notes it specifically chose this form of rate authority because “[t]he Postal Service does not directly control the volume of mail entered into its network nor the number of delivery points it must service” and further notes that it was among the forms of rate authority the Commission found necessary to achieve the objectives of 39 U.S.C. § 3622(b) in Docket No. RM2017-3.²⁹ The Commission also notes that making alterations to the density rate authority would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030, subpart D, which is outside the scope of this price adjustment proceeding. Thus, the commenters’ arguments about why the authority should be changed or discontinued are also misplaced in this proceeding. In this proceeding, the Commission’s review is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629, which the proposed price adjustments do, and no commenter alleges otherwise. 39 C.F.R. § 3030.126(b). For this reason, the Commission also finds it has no legal basis to reject the proposed increases in this proceeding as ANM suggests. See ANM Comments at 7. PostCom and GCA also urge the Commission to grant pending petitions for review of the Market Dominant ratemaking system in Docket Nos. RM2022-5 and RM2022-6. See PostCom Comments at 1; GCA Comments at 3. The Commission notes that those petitions and a future decision to revisit the Market Dominant ratemaking system are outside the scope of this proceeding. The Commission has stated it will review the Market Dominant ratemaking system 5 years following the implementation of the system put in place in Order No. 5763, which will be an appropriate forum for commenters to raise their concerns about the 39 C.F.R. part

²⁹ Docket No. RM2017-3, Revised Notice of Proposed Rulemaking, December 5, 2019, at 64 (Order No. 5337).

3030 regulations. Order No. 5763 at 267. The petitions requesting earlier review remain pending before the Commission.

The Commission also notes that inflation-based rate authority continues to make up one of the forms of rate adjustment authority available to the Postal Service and that the Postal Service is navigating the same inflationary environment and uncertainty as other businesses in the economy. The Commission further notes that the inflation-based rate adjustment authority that existed prior to the Market Dominant ratemaking system being modified in Docket No. RM2017-3 has made up 13.985 percentage points of the 22.887 percent of the newly available rate adjustment authority for compensatory classes since the modified ratemaking system went into effect.³⁰ The most substantial form of rate authority available to the Postal Service in the last three rate adjustment proceedings for each compensatory class (*i.e.*, 3.406 percentage points out of 5.378 percent in this proceeding; 4.200 percentage points out of 4.200 percent in Docket No. R2023-1; and 5.135 percentage points out of 6.503 percent in Docket No. R2022-1) is a result of the change in inflation and would have been available to the Postal Service under the initial ratemaking system and was not altered by the modified ratemaking system.³¹

In Docket No. RM2017-3, the Commission emphasized that the Postal Service Governors, not the Commission, set the rates for postal services and are “in the best position to determine how to best utilize the pricing authority and make decisions about specific price increases.” Order No. 5763 at 81, 270. The Commission expected “the Postal Service to use its business judgment in utilizing the tools provided in the system of ratemaking to craft pricing schemes and specific prices” and noted the Postal Service

³⁰ See Order No. 5937 at 4; Docket No. R2022-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, May 27, 2022, at 4 (Order No. 6188); Order No. 6341 at 5; Section II., *supra*.

³¹ See Order No. 6188 at 4; Order No. 6341 at 5; Section II., *supra*; 39 U.S.C. § 3622(d)(1)(A); 39 C.F.R. part 3030, subpart C.

“can choose not to use all of its available rate authority if it decides that doing so would be counterproductive.” *Id.* at 83, 270. Although the Postal Service can elect not to use all of its available rate authority and is expected to use its business judgment in setting prices and pricing strategies, the Postal Service’s election to use nearly all of its rate adjustment authority in this proceeding (and previous ones) is within the scope of the Postal Service’s price-setting discretion. It is not inconsistent with the expectations the Commission described in Order No. 5763 for the Governors to determine, in their business judgment, that use of nearly all available rate authority is the best utilization of that authority at this time. Thus, while the Governors can elect to bank available rate authority (with the exception of that allowed under 39 C.F.R. part 3030, subpart E), they are under no obligation to do so.

The commenters also argue that the proposed price increases are harmful to mailers generally as well as specific groups of mailers (e.g., nonprofit mailers, rural mailers, Periodicals mailers) and suggest that the Commission should take steps to protect mailers from price increases. As a preliminary matter, the Commission notes that there is no basis to find that the Postal Service should not or cannot use the full scope of the rate authority granted to it, nor does anything in the statute or regulations serve as a legal basis for curtailing price increases for affected mailers. The fact is that increases in postal prices affect all mailers and may affect some more so than others. However, in Docket No. RM2017-3, the Commission was tasked with reviewing the initial Market Dominant ratemaking system and permitted to modify it as necessary to achieve all the objectives of 39 U.S.C. § 3622(b) in conjunction with each other. 39 U.S.C. § 3622(d)(3). Ultimately, the Commission found after multiple rounds of notice and comment that above-inflation price increases were necessary to achieve the objectives. Order No. 5763 at 2-3, 5-10, 16. Further, as explained above, the Commission’s review in this proceeding is limited to whether the planned price adjustments comply with applicable law. 39 C.F.R. § 3030.126(b). Applicable law is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives

and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. *Id.* As a result, the Commission has no basis for rejecting the proposed price increases due to alleged effects on specific mailers.

With regard to the concerns about slowed service standards, service measurement, and service failures, the Commission finds that changes to service standards, mail in measurement, and the Postal Service's service performance are beyond the scope of this proceeding. As stated above, the Commission reviews the planned price adjustments for consistency with applicable law, which "means only the applicable requirements of [39 C.F.R. part 3030], Commission directives and orders, and 39 U.S.C. [§§] 3626, 3627, and 3629." 39 C.F.R. § 3030.126(b). Further, the Commission notes that there are multiple other proceedings in which the Commission addresses service-related issues and in which interested parties can submit concerns on such issues. For example, the Commission reviews the Postal Service's service performance annually as part of the ACD. *See, e.g.*, FY 2022 ACD at 103-73. In addition, the Commission provides an advisory opinion anytime "the Postal Service determines that there should be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis." 39 U.S.C. § 3661(b). There were four such cases proposing changes to service standards that were open during 2021 and 2022.³² Those proceedings are more appropriate forums for stakeholders to raise concerns about service standards and service performance. With respect to Joe Redding's suggestion that the Commission delay the proposed

³² See Docket No. N2022-2, Advisory Opinion on Changes to the Critical Entry Times for Certain Categories of Periodicals, November 30, 2022; Docket No. N2022-1, Advisory Opinion on the Service Standard Changes Associated with Retail Ground and Parcel Select Ground, June 9, 2022; Docket No. N2021-2, Advisory Opinion on the Service Standard Changes Associated with First-Class Package Service, September 29, 2021; Docket No. N2021-1, Advisory Opinion on Service Changes Associated with First-Class Mail and Periodicals, July 20, 2021.

price increases until service improves, the Commission notes that there is no legal basis in the statute or regulations for the Commission to do so. See Redding Comments at 1.

With regard to the comments that the Postal Service has not adequately explained its pricing strategy and policy rationale, the Commission notes such explanation is not required, which NPPC also concedes, and the Commission declines to require one at this time. NPPC Comments at 5; 39 C.F.R. §§ 3030.122 and 3030.123. The Commission continues to encourage the Postal Service to communicate its pricing strategies to mailers and stakeholders so they have more insight into the reasoning behind the Postal Service's pricing decisions and are better able to understand how the Postal Service intends to use the revenue it collects.³³

With regard to assertions that volumes are decreasing and irreversible harm to the postal industry is occurring due to the price increases, the Commission acknowledges that recent volume numbers for Market Dominant products have been lower than planned and lower than in the same period last year, as commenters state. However, there is no evidence at this time as to whether those changes are being driven primarily by price increases or other economic circumstances (e.g., changes in specific industries, fears of a recession, and recent and current inflation levels), nor is there evidence that the most recent declines are indicative of future trends.

As stated above, in Order No. 5763, the Commission found that modifications to the initial ratemaking system in the form of additional rate authority were necessary to achieve the PAEA's statutory objectives, including Objective 5. 39 U.S.C. § 3622(d)(3);

³³ NAPM commends the Postal Service for interactions with mailers related to proposed price changes. NAPM Comments at 8. NAPM states that "[a]llowing mailers to have interactive conversations with [Postal Service] executives is invaluable in helping the [Postal Service] understand how the prices and discounts it develops drive mailer behavior and helping our members understand how prices are developed by the [Postal Service]." *Id.* NAPM encourages "the Postal Service to continue to explore ways to have these discussions in between price changes so that potential impacts on the mailing industry can be understood prior to development of price change proposals." *Id.*

Order No. 5763 at 285-86, 333-48. As also stated above, the Commission found that the Governors of the Postal Service, not the Commission, set the rates for postal products and services and are “in the best position to determine how to best utilize the pricing authority and make decisions about specific price increases.” Order No. 5763 at 81, 270. Thus, it is the obligation of the Governors, first and foremost, to balance current and forecasted volume levels with revenue need and price increases. And, to the extent the Postal Service believes its forecasting may be incorrect as the commenters allege, the Commission encourages the Postal Service to revisit and refine its models.

Further, as noted above, the Commission’s review in this proceeding is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. 39 C.F.R. § 3030.126(b). Thus, the Commission has no basis to reject the proposed price increases based on changes in Market Dominant volumes. The Commission will continue to monitor Market Dominant revenues and volumes.

3. Application of the Workshare Discount Rules in 39 C.F.R. Part 3030, Subpart J

Comments. Pitney Bowes and NAPM raise concerns about how workshare discounts are regulated pursuant to 39 C.F.R. part 3030, subpart J.³⁴ Pitney Bowes acknowledges that 39 C.F.R. part 3030, subpart J is generally helping workshare discounts move toward and maintain efficient pricing levels but describes progress as “slow and inconsistent.” Pitney Bowes Comments at 1. Pitney Bowes contends that while the proposed workshare discounts “reflect the positive movement stimulated by

³⁴ See Pitney Bowes Comments at 1, 3; NAPM Comments at 4. The Commission notes that this section focuses primarily on the comments pertaining to alleged deficiencies in 39 C.F.R. part 3030, subpart J. Discussion of the workshare discounts proposed in this proceeding and analysis of whether those discounts comply with the requirements of 39 C.F.R. part 3030, subpart J can be found in Sections V.C., VI.D., VII.D., and VIII.D., *infra*.

the new rules,” further improvements are needed. *Id.* Specifically, Pitney Bowes argues that improvements should include tightening passthrough bands, requiring that passthroughs set below 100 percent be moved closer to 100 percent, and requiring discounts with passthrough that “slip above 100 percent [] only be moved back to [fully efficient pricing] consistent with the stated ‘do no harm’ principle.” *Id.* at 3.

Further, Pitney Bowes contends that the Commission should refine the regulations “to ensure that rate adjustments are based on current modeled cost avoided.” *Id.* Pitney Bowes states that, under the current regulations, workshare discounts in the bi-annual price adjustment proceedings are measured against the modeled cost avoided based on the most recent ACD. *Id.* Pitney Bowes asserts that this results in a gap of time, particularly for price adjustments filed in October, that could potentially distort compliance findings and efficiency goals by “systematically understating the modeled cost avoided,” particularly during a period of high inflation. *Id.* Finally, Pitney Bowes argues that the Commission should take the “first opportunity” to revisit the workshare discount rules, and that the 5-year review is no longer the prudent time to review these rules in light of the magnitude and frequency of the recent price adjustments. *Id.*

NAPM also urges the Postal Service and Commission to use more current data to establish the cost avoidances used in evaluating workshare discounts. NAPM Comments at 4. NAPM contends that “[t]he existing process for determining cost avoidances significantly lags pricing decisions” and that this unfairly impacts mailers, particularly during periods of high inflation. *Id.* NAPM asserts that requiring more recent cost data would be more efficient and tie workshare discounts more closely to current cost avoidances. *Id.*

Commission analysis. As a preliminary matter, the Commission notes that its role in rate adjustment proceedings with regard to workshare discounts is to determine whether the planned workshare discounts are consistent with applicable law, which with

regard to the workshare discounts in this proceeding means compliance with 39 C.F.R. part 3030, subpart J as currently in effect. See 39 C.F.R. § 3030.126(b). As the Commission finds in this Order, all of the workshare discounts proposed in this proceeding comply with the requirements of 39 C.F.R. part 3030, subpart J.³⁵ As a result, the Commission has no basis for disallowing the workshare discounts proposed by the Postal Service in this proceeding.

Commenters suggest several changes to 39 C.F.R. part 3030, subpart J that would regulate workshare discounts more strictly and that they assert would resolve the issues they claim are currently arising due to the existing regulations. See Pitney Bowes Comments at 1, 3; NAPM Comments at 4. In particular, Pitney Bowes suggests that 39 C.F.R. part 3030, subpart J be revised to: (1) tighten the passthrough band; (2) require that passthroughs set below 100 percent be moved closer to 100 percent; and (3) require discounts with passthroughs that “slip above 100 percent [] only be moved back to [fully efficient pricing] consistent with the stated ‘do no harm’ principle.” Pitney Bowes Comments at 3. Additionally, Pitney Bowes and NAPM encourage the Commission to revise the rules to ensure that workshare discounts are measured against more recent modeled avoided costs. Pitney Bowes Comments at 3; NAPM Comments at 4.

The Commission notes that the suggestions raised by the commenters would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030, subpart J. This rate adjustment proceeding is not the appropriate forum to also consider proposed revisions to the Code of Federal Regulations since the Commission’s review is limited to the regulations currently in effect and is a time-limited inquiry. In addition, with respect to Pitney Bowes’s and NAPM’s suggestion that more recently modeled avoided costs be used, the Commission notes that currently costs are developed on an annual basis

³⁵ See Sections V.C., VI.D., VII.D., and VIII.D., *infra*.

and more frequently updated costs are not currently available. The Commission also notes that developing costs on a more frequent than annual basis would require a substantial number of conceptual and methodological changes to the Postal Service's costing systems and sampling approaches, all of which would need to be considered in separate proceedings. See 39 C.F.R. § 3050.11(a).

Pitney Bowes urges the Commission to consider revisions to 39 C.F.R. part 3030, subpart J before the 5-year review. Pitney Bowes Comments at 3. As it has in other recent proceedings suggesting changes to 39 C.F.R. part 3030, subpart J, the Commission finds that review of its 39 C.F.R. part 3030, subpart J regulations is premature.³⁶ This is only the fourth rate adjustment proceeding conducted in accordance with the new regulations and only the fourth time that the regulations imposing pricing requirements on below-avoided-cost workshare discounts have been applied. Furthermore, the regulations of 39 C.F.R. part 3030, subpart J have been in effect for less than two-and-a-half years. The Commission determined in Docket No. RM2017-3 that 5 years was the appropriate period for review of the Commission's regulations. Order No. 5763 at 267. The Commission further stated that "[a]n abbreviated review period would not provide the Commission with sufficient data to evaluate the final rules in operation, account for outlying data, and determine the impact on mailers." *Id.* Thus, the Commission declines to open a rulemaking proceeding to review 39 C.F.R. part 3030, subpart J at this time.

4. The Applicability of the Objectives and Factors of 39 U.S.C. § 3622

Comments. Several commenters raise the objectives of 39 U.S.C. § 3622(b) or the factors of 39 U.S.C. § 3622(c) as supportive of their views. NPPC argues that the frequency of price adjustments has caused the ratemaking system to fail to achieve predictable and stable rates consistent with 39 U.S.C. § 3622(b)(2). NPPC Comments

³⁶ See, e.g., Order No. 6341 at 31; Order No. 6188 at 30-32, 33-35; Order No. 5937 at 60-61.

at 4. NPPC states that the “repeated and large increases in a span of less than 24 months” are demonstrating that the Postal Service “is not a reliable vendor and that rate stability is not likely for the foreseeable future.” *Id.* at 3. NAPM similarly states that an annual price change would promote predictable and stable rates and a just and reasonable schedule for rates and classifications consistent with 39 U.S.C. § 3622(b)(2) and (b)(8). NAPM Comments at 8. ANM notes that the regulations require that the Postal Service consider how its planned rate adjustments are in accordance with 39 U.S.C. chapter 36 and states that it is clear the Postal Service has failed to do so. ANM Comments at 6. ANM argues that the Postal Service’s pricing strategy is not predictable; is harming Postal Service revenues; is not encouraging increases in mail volume; is harming those that disseminate educational, cultural, scientific, and informational mail matter; and fails to consider the negative effects of rate increases upon the general public in violation of 39 U.S.C. § 3622(b)(2), (b)(5), (c)(3), (c)(7), and (c)(11). *Id.* at 6-7. The Public Representative notes that “Order No. 5763 [] eliminated the earlier requirement that the objectives and factors set forth in 39 U.S.C. § 3622(b) and (c) would be reviewed by the Commission in its pre-implementation review of Market Dominant rate adjustments.” PR Comments at 2.

Commission analysis. Although, as ANM acknowledges, the Postal Service must take into consideration how the planned rate adjustments are in accordance with 39 U.S.C. chapter 36, there is no further obligation imposed on the Postal Service by the regulations of 39 C.F.R. part 3030 related to the objectives and factors of 39 U.S.C. § 3622(b) and (c). See ANM Comments at 6; 39 C.F.R. § 3030.121(b). As the Public Representative recognizes, as part of the modified ratemaking system the Commission designed in Docket No. RM2017-3, the Commission proposed and, after notice and comment, finalized changes to the rules that discontinued consideration of the objectives of 39 U.S.C. § 3622(b) and factors of 39 U.S.C. § 3622(c) in individual rate

adjustment proceedings.³⁷ The modified ratemaking system was designed to properly balance the statutory objectives and factors of the PAEA in advance of individual rate adjustments. Order No. 5763 at 260. Specifically, in Order No. 5763, the Commission undertook an extensive balancing of the objectives in conjunction with each other as instructed by 39 U.S.C. § 3622(b) and (d)(3) to reach the conclusion that the modifications made to the ratemaking system are those designed “to address deficiencies that frustrate the achievement of the objectives of the PAEA” and “are necessary for the system of ratemaking to achieve the objectives enumerated in section 3622(b).” Order No. 5763 at 364; 39 U.S.C. § 3622(b), (d)(3). Therefore, the Commission concluded that the “modified ratemaking system will achieve the PAEA’s objectives as required under 39 U.S.C. § 3622(d)(3)[,]” and as a result, “review for consistency with the objectives and factors is unnecessary in individual rate adjustments under the Commission’s modified system.” Order No. 5763 at 258. Because the modified ratemaking system governs the Postal Service’s rate design, the Commission found that there is no need to justify each rate adjustment proceeding individually as consistent with the objectives and factors. *Id.* at 260.

The Commission also found that under the new regulations, “[i]f the Postal Service proposes a rate adjustment compliant with the final rules, then that planned rate adjustment would be consistent with the objectives and factors.” *Id.* at 261. As a result, 39 C.F.R. part 3030 calls for a narrow review, with the Commission’s role being limited to reviewing planned price adjustments for consistency with applicable law. 39 C.F.R. § 3030.126(b). Applicable law is defined as the applicable requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629. *Id.*

³⁷ PR Comments at 2; Order No. 5337 at 239-40; Order No. 5763 at 258. See 39 C.F.R. §§ 3030.122, 3030.123, and 3030.126.

To the extent NPPC and NAPM are arguing that the allowable frequency of rate adjustment proceedings should be altered to improve consistency with the objectives of 39 U.S.C. § 3622(b), the Commission notes that altering the allowable frequency of rate adjustment proceedings would necessitate a rulemaking proceeding and revisions to 39 C.F.R. part 3030, which is outside the scope of this price adjustment proceeding. See NPPC Comments at 4; NAPM Comments at 8. The current statutory and regulatory requirements related to the frequency of rate adjustment proceedings are discussed in Section IV.B.5., *infra*.

Because the Commission finds that the planned price adjustments are consistent with applicable law, including 39 C.F.R. part 3030, the Commission also finds that the planned price adjustments are consistent with the objectives and factors. The Commission declines to undertake a further review of the planned price adjustments' consistency with individual objectives and factors because such a review is outside the scope of the Commission's review in rate adjustment proceedings under the modified ratemaking system. The Commission notes that 39 C.F.R. § 3030.126(j) allows for a subsequent review of the Commission's finding of consistency with the objectives and factors of 39 U.S.C. § 3622(b) and (c).³⁸

5. Frequency of Price Adjustment Proceedings

Comments. Valpak states that the Postal Service's twice-a-year price increases work against efforts to increase mail volume. Valpak Comments at 4. Valpak asserts that semi-annual price increases "create uncertainty" for the budgets of those who advertise through the mail and that "[w]hile the overall magnitude of the Postal Service's increase is important, the frequency of adjustments is doubly costly because of the

³⁸ 39 C.F.R. § 3030.126(j); see Docket No. ACR2021, *Annual Compliance Determination*, March 29, 2022, at 72-75 (FY 2021 ACD); Order No. 5763 at 246-48.

programming that goes into” determining the cost-benefit of the markets in which to mail. *Id.*

NPPC states that the frequency of price adjustments forces mailers to “divert sums budgeted for postage to covering costs incurred in adjusting to new mailing requirements and updating software.” NPPC Comments at 3. NPPC states that this reduces volumes and “also inspires doubt as to whether future investments in mailing technology would truly be worthwhile.” *Id.* NPPC states that two price increases per year “sends a clear message to mailers that they cannot count on postage prices to be stable for even as little as a year.” *Id.* at 4.

NAPM is also opposed to the Postal Service changing prices for Market Dominant products twice per year. NAPM Comments at 8-9. It states that one of the factors contributing to volume declines is the frequency of price increases because both the increases themselves and the costs incurred to implement the price changes negatively impact mailers. *Id.* at 8. NAPM also notes that “having prices change twice a year ties up resources . . . that could be better spent exploring ways to grow mail volume.” *Id.* NAPM states that each time prices change mail service providers “must renegotiate their contracts with business customers and each price increase causes customers to re-evaluate the cost-effectiveness of their mailing and the Return on Investment (ROI) of mail compared to alternatives.” *Id.* NAPM also notes that marketing budgets are typically an annual fixed amount, so as prices increase, volumes are reduced to stay within budget. *Id.* NAPM acknowledges that twice per year price changes are allowed by statute, but states they are “extremely detrimental to the mailing industry, monopoly customers using the mail, and to the Postal Service as volumes continue to decline.” *Id.* at 8-9. NAPM urges the Postal Service and the Commission “to seriously explore the consequences on all of continuing price increases twice a year before significantly more mail volume leaves the system and may not return.” *Id.* at 9.

PostCom also opposes the twice a year price adjustments, noting they “create[] an undue burden on suppliers of software and technology” and that “[o]nce again, weeks after the Postal Service filed notice, technical requirements for entry and preparation are still not complete, and there is as yet no schedule for testing software once it can be developed.” PostCom Comments at 2. PostCom also notes that the Postal Service’s initial filing included multiple errors that necessitated errata. *Id.* PostCom states that it understands why the Postal Service is “raising rates as often as possible” but argues that “the Postal Service to date has not demonstrated that it even has the resources to competently pursue this strategy” as “[t]he 6-month rate cycle has proven to provide the Postal Service with insufficient time to prepare and implement rate filings free from significant errors.” *Id.* PostCom also notes that the frequency of price adjustments does not allow the Postal Service “sufficient time to develop economically sound price changes through the analysis of past results and incorporation of lessons learned into the next change.” *Id.* PostCom asserts that increases are occurring “without any apparent effort to understand the impact that such changes are having on mail volume” and that “[i]mplementing unprecedented change in the complete absence of empirical data is an inherently risky behavior.” *Id.* at 5.

John Stella and ANM request that the Commission delay the price increases proposed in this proceeding until January 2024. Stella Comments at 1; ANM Comments at 2.

Commission analysis. 39 U.S.C. § 3622(d)(1)(B) required that the initial Market Dominant ratemaking system “establish a schedule whereby rates, when necessary and appropriate, would change at regular intervals by predictable amounts.” 39 U.S.C. § 3622(d)(1)(B). 39 C.F.R. § 3030.102 requires that the Postal Service file a schedule at least annually with the Commission that includes the estimated filing and implementation dates for future price adjustments for a minimum of the next 3 years as well as an explanation by class of the amounts of future scheduled price adjustments.

39 C.F.R. § 3030.102(a), (b). In addition to the annual filing requirement, the Postal Service is required to file a revised schedule whenever it deems it appropriate to change the schedule. *Id.* § 3030.102(c). The Postal Service filed its annual update to the schedule on December 29, 2022, stating that it intends to “implement price changes for all Market Dominant classes in January and July . . . with the filings occurring the preceding October and April.”³⁹

The Postal Service is currently in compliance with the requirements of 39 U.S.C. § 3622(d)(1)(B) and 39 C.F.R. § 3030.102. Nothing in the statute or regulations dictates the frequency of price adjustments or the timing of when they are to occur. Thus, the Commission has no legal basis to postpone the proposed price increases until January 2024 as ANM and John Stella suggest. See Stella Comments at 1; ANM Comments at 2. Although there is no statutory or regulatory requirement for annual price adjustments, the Commission encourages the Postal Service to work with mailers and other stakeholders to set a schedule for price adjustments that minimizes costs and disruptions to the largest extent possible. The Postal Service should consider the concerns raised by the commenters, including how fixed mailing budgets and twice-per-year price changes may be contributing to volume loss, the additional costs incurred by mailers related to software and programming updates each time prices change, and the limitations that frequent increases place on the Postal Service’s ability to analyze up-to-date data related to the effects of price increases. Should the Postal Service decide to change the schedule, the Postal Service must file a revised schedule with the Commission as soon as practicable. See 39 C.F.R. § 3030.102(c).

The Commission appreciates and shares PostCom’s concern regarding the number of material errors contained in the Postal Service’s initial filing in this

³⁹ United States Postal Service Filing of Updated Schedule for Regular and Predictable Rate Adjustments, December 29, 2022, Schedule for Regular and Predictable Rate Adjustments – Effective through Calendar Year 2025, available at <https://www.prc.gov/docs/124/124082/ACR%20FY%202022%20Rate%20Change%20Schedule.pdf>.

proceeding. See PostCom Comments at 2. In this proceeding, the Postal Service needed to revise the price cap calculations for all 5 mail classes, which substantively altered the amounts of rate authority used in 4 of the classes; needed to revise prices for the Periodicals class to ensure its proposed prices did not exceed the allowable rate adjustment authority; proposed to extend workshare discounts to new price categories in a revised CHIR response 28 days into the proceeding; and needed to file a substantial number of amended pages to Attachment A to the Notice to correct errors and appropriately reflect the changes it was proposing among other issues. These issues are detailed throughout this Order. See, e.g., Section IV.A.9., *supra* and Sections V.B.4., VI.B.4., VI.E.4., VII.B.4., IX.B.4., *infra*. Such errors and issues not only undermine the efficiency of the Commission's review in this expedited proceeding, they also undermine the overall transparency of the proceeding for all participants and create delays and frustration for mailers and software companies working to implement the proposed price and classification changes. See PostCom Comments at 2. The Commission's regulations set forth procedures for expedited adjudication of rate adjustment proceedings, but such expedited adjudication is dependent on accurate initial filings that comply with the Commission's regulations. See 39 C.F.R. § 3030.126; Order No. 6341 at 74. In future proceedings, the Commission will consider whether to remand an inaccurate or insufficient initial filing back to the Postal Service for resubmission of its initial filing. See 39 C.F.R. § 3030.126(a), (d). The Commission notes this would risk delays in the Postal Service's ability to implement proposed price adjustments on the timeline previously announced. See *id.* § 3030.126(a), (d)-(i); Order No. 6341 at 75.

The Commission does not have insight into whether the issues with the Postal Service's initial filing are due to the frequency of price adjustments, as PostCom alleges, or to other factors. Regardless of the reasons, it is critical that the Postal Service investigate the source(s) of the issues with its initial filing and develop a plan to produce future rate adjustment filings that are devoid of material errors. See, e.g.,

Section IV.A.9., *supra* and Sections V.B.4., VI.B.4., VI.E.4., VII.B.4., IX.B.4., *infra*. As a result, the Commission directs the Postal Service to conduct such an investigation and to file, no later than July 31, 2023, a report with the results of its investigation and its plan to correct the issues identified in this proceeding in future rate adjustment proceedings.

6. Incentivization of Commingling/Co-mailing Operations

Comments. NAPM states that commingling/co-mailing operations enable businesses to have reduced postage rates and better customer experiences, improve the Postal Service's service performance, reduce the Postal Service's costs, keep businesses using the mail, and provide data for the Postal Service. NAPM Comments at 1-2. NAPM asserts that these benefits of commingling/co-mailing operations "outweigh those achieved with regular presort," and as a result, "[c]hanges that support the growth of commingle/comail are good for the Postal Service, good for the mailing industry and good for businesses using the mail." *Id.* at 2. Specifically, NAPM notes that commingled/co-mailed volumes decrease costly sortation and acceptance and verification costs and are produced on more full trays and pallets, which reduces handling and transportation costs. *Id.* at 3-4.

NAPM commends the Postal Service for improving the First-Class Mail Automation Letters 5-Digit workshare discount and encourages further improvement given the discount's importance to commingling/co-mailing operations. *Id.* at 2-3. NAPM explains that for both First-Class Mail and USPS Marketing Mail letters, if mailpieces are brought into larger commingling/co-mailing operations, substantially more mailpieces can be presorted to the 5-Digit level of fineness, and states that more efficient workshare discounts can incent more businesses to engage in commingling/co-mailing operations. *Id.* at 3.

Commission analysis. The Commission appreciates the benefits that commingling/co-mailing operations bring to mailers, businesses, and the Postal Service. The regulations in 39 C.F.R. part 3030, subpart J are intended to require workshare discounts to be priced substantially more efficiently than they were prior to when the regulations of 39 C.F.R. part 3030, subpart J went into effect, which in turn sends more efficient pricing signals to mailers and improves productive efficiency in the postal sector. Order No. 5337 at 176; Order No. 4258 at 89-90. As the Commission finds in Sections V.C., VI.D., VII.D., and VIII.D., *infra*, the workshare discounts proposed in this proceeding comply with the requirements of 39 C.F.R. part 3030, subpart J. The Commission encourages the Postal Service to take additional steps to ensure that workshare discounts are priced efficiently and that the Postal Service is sending appropriate pricing signals to incentivize desired mailer behavior.

7. Pricing Incentives

Comments. Pitney Bowes supports the Postal Service maintaining its Full-Service Intelligent Mail barcode (IMb) and Seamless Acceptance pricing incentives, which it asserts “benefit mailers and the Postal Service by incentivizing efficiency and security.” Pitney Bowes Comments at 4.

NAPM also commends the Postal Service for maintaining its Full-Service IMb and Seamless Acceptance pricing incentives but notes that the costs for mailers to comply and support these incentives continues to grow while the incentives remain unchanged. NAPM Comments at 5. NAPM explains that the incentives are critical to the Postal Service as they incentivize “‘data rich’ streamlined mailings” that are “the foundation for a long list of [Postal Service] initiatives designed to add value to mail, retain mail volume, reduce [the Postal Service’s] costs, and increase [the Postal Service’s] efficiency.” *Id.*

With regard to the Full-Service IMb incentive, NAPM asserts that the 4 percent of First-Class Mail in FY 2022 that was eligible for Full-Service IMb but not mailed as Full-Service IMb is at least partially due to the fact that the incentive is insufficient to justify the compliance costs. *Id.* NAPM expresses concern that more mailers will opt out of using Full-Service IMb “[a]s those costs continue to rise and the incentive does not increase[,]” which will result in a decline in overall mailing data for the Postal Service and a decline in the data used for service performance measurement. *Id.* NAPM encourages the Postal Service and the Commission to “closely monitor the volume of eligible mail utilizing IMb Full-Service by mail class and consider increasing the IMb Full-Service incentive to better defray the mailer costs of participation.” *Id.*

With regard to the Seamless Acceptance incentive, NAPM notes that FY 2022 numbers indicate that the rate of Seamless Acceptance adoption has stalled. *Id.* at 6. NAPM explains Seamless Acceptance mail benefits the Postal Service, and as a result, NAPM encourages the Postal Service and the Commission to increase the incentive to “offset the increasing costs incurred by mailers to participate, which continues to be a barrier to participation[,]” and to “drive further adoption of Seamless Acceptance.” *Id.*

Commission analysis. The Commission finds the Seamless Acceptance and Full-Service IMb incentives consistent with applicable law. 39 C.F.R. § 3030.126(b). In addition, as the Commission has previously stated, these incentives encourage more efficient mailpieces that have lower costs to process while also encouraging increased mail volumes. Order No. 5757 at 73, 104, 106. The Commission encourages the Postal Service to consider the positive effects and importance of these incentives, overall participation levels, and the concerns raised by NAPM when exercising its pricing flexibility related to these incentives in future price adjustment proceedings. See NAPM Comments at 5-6.

V. FIRST-CLASS MAIL

A. Introduction

This section discusses the price adjustment authority, workshare discounts, and classification changes applicable to First-Class Mail. There are no non-compensatory products within First-Class Mail. This section also discusses comments related to First-Class Mail not addressed elsewhere in this Order.

B. Price Adjustment Authority

1. Introduction

Five products are assigned to First-Class Mail: (1) Single-Piece Letters/Postcards; (2) Presorted Letters/Postcards; (3) Flats; (4) Outbound Single-Piece FCMI; and (5) Inbound Letter Post. The planned price increase for First-Class Mail is, on average, 5.368 percent, which results in 0.011 percent remaining unused price adjustment authority.⁴⁰ Table V-1 shows the percentage price change for each First-Class Mail product as calculated by the Commission.

⁴⁰ As shown in Table II-1, *supra*, the Postal Service has 5.379 percent in available pricing authority. Subtracting the 5.368 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.011 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-2-1, Excel file "PRC_CAPCALC-FCM-R2023-2.xlsx."

Table V-1
First-Class Mail Price Changes (by Product)

First-Class Mail Product	Price Change %
Single-Piece Letters/Postcards	4.757
Presorted Letters/Postcards	5.537
Flats	6.930
Outbound Single-Piece FCMI	3.644
Inbound Letter Post	0.041
Overall	5.368
Source: Library Reference PRC-LR-R2023-2-1, Excel file "PRC_CAPCALC-FCM-R2023-2.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make two adjustments to the hybrid year billing determinants for First-Class Mail. *Id.* at 9. First, the Postal Service adjusts Nonautomation Presort DVD volumes to account for revised pricing structures. *Id.* Specifically, the Postal Service distributes Nonautomation Machinable DVDs between Mixed automated area distribution center (AADC) and AADC. *Id.* Second, the Postal Service converts Picture Permit's revenues to volumes by multiplying the dollar amount by 100. *Id.*

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative, GCA, and NPPC state that the planned price adjustments comply with the requirements of the price cap.⁴¹

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for First-Class Mail comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it is proposing to use 5.378 percentage points of its total available price adjustment authority of 5.379 percent, which would result in total unused price adjustment authority of 0.001 percent. Notice at 5. During the proceeding, the Commission found an error in Library Reference USPS-LR-R2023-2-1, Excel file "CAPCALC-FCM-R2023-2.xlsx." Specifically, the Postal Service failed to use the correct FY 2022, Quarter 4 volumes in its volume totals for automation additional ounces within its calculation of the automation Flats price adjustment. See Response to CHIR No. 1, question 2. The Postal Service filed revised workpapers that include corrected FY 2022, Quarter 4 volumes, which altered the overall percentage change in rates for First-Class Mail, the amount of total unused rate authority for First-Class Mail, and the percentage change in rates for First-Class Mail Flats. *Id.* The Commission accepts the Postal Service's proposed correction to the FY 2022, Quarter 4 volumes. Using the correct volumes, the Commission calculates that the overall percentage change in rates for First-Class Mail is 5.368 percent, which is less than the total

⁴¹ PR Comments at 6; GCA Comments at 1; NPPC Comments at 2.

available authority of 5.379 percent and results in total unused price adjustment authority available for First-Class Mail after this proceeding of 0.011 percent.⁴²

The Commission notes that the Postal Service is adding unused rate adjustment authority for the First-Class Mail class as a result of this proceeding. Because the Retirement Obligation Rate Authority of 39 C.F.R. part 3030, subpart E cannot be used to generate unused rate adjustment authority pursuant to 39 C.F.R. § 3030.181(c)(5), 39 C.F.R. § 3030.242(b) states that “unused rate adjustment authority cannot exceed the unused portion of rate authority calculated pursuant to subparts C and D . . . [of 39 C.F.R. part 3030] and [39 C.F.R.] § 3030.222.” 39 C.F.R. § 3030.242(b). Of the 0.011 percent in total unused rate adjustment authority available for First-Class Mail after this proceeding, 0.010 percent is the result of authority derived from this proceeding. Because 0.010 percent is less than the rate authority available pursuant to subparts C and D of 39 C.F.R. part 3030 and 39 C.F.R. § 3030.222, the First-Class Mail class complies with 39 C.F.R. § 3030.242(b). In addition, the Commission accepts the Postal Service’s adjustments to the billing determinants for First-Class Mail as reasonable.

⁴² Additionally, as a result of correcting the volumes, the Commission calculates the percentage change in rates for First-Class Mail Flats is reduced from 7.145 percent to 6.930 percent. Further, during the proceeding, errors in Library Reference USPS-LR-R2023-2-NP1, Excel file “Inbound CAPCALC-R2023-2.xlsx” were identified by the Commission and Postal Service. CHIR No. 4, question 1; Response to CHIR No. 4, question 1. When corrected, the percentage change in rates for Inbound Letter Post is reduced from 0.064 percent to 0.041 percent. Response to CHIR No. 5, question 1.b. The corrections to the non-public workpapers do not result in a change in the overall percentage change in rates for First-Class Mail. See *id.*

C. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts.⁴³

2. The Postal Service's Position

The Postal Service asserts that all First-Class Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 9. The Postal Service states that 13 of 16 First-Class Mail passthroughs are equal to 100 percent. *Id.* The Postal Service asserts that the remaining three First-Class Mail workshare discounts have passthroughs between 85 and 100 percent. *Id.*

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 11. Pitney Bowes and NPPC commend the Postal Service for setting many First-Class workshare discounts at 100 percent. Pitney Bowes Comments at 2; NPPC Comments at 6. NPPC acknowledges that the Postal Service's proposed 100 percent passthroughs for the three Automation Postcards discounts and for all three Flats discounts are "a consequence of the Commission's new regulations governing workshare discounts." NPPC Comments at 6.

⁴³ In the FY 2022 ACD, the Commission evaluated workshare discounts for compliance in FY 2022 using the prices from Docket No. R2022-1 (which were in effect at the end of FY 2022) and the FY 2022 avoided costs. FY 2022 ACD at 17. In this proceeding, the Commission uses the prices currently in effect (from Docket No. R2023-1), the prices proposed in this proceeding, and the FY 2022 avoided costs to evaluate the compliance of the workshare discounts proposed in this proceeding with 39 C.F.R. part 3030, subpart J.

Multiple commenters highlight the First-Class Mail 5-Digit Automation Letters workshare discount.⁴⁴ NAPM commends the Postal Service for improving the 5-Digit Automation Letters workshare discount to a 92.9 percent passthrough and encourages the Postal Service to continue to move this passthrough closer to 100 percent. NAPM Comments at 2. NPPC and Pitney Bowes acknowledge that the proposed increased passthrough for 5-Digit Automation Letters, from 85.7 percent to 92.9 percent, will improve operational efficiency. NPPC Comments at 7; Pitney Bowes Comments at 2. NPPC and Pitney Bowes emphasize the importance of 5-Digit Automation Letters, however, and express regret that the Postal Service did not propose a fully efficient workshare discount. NPPC Comments at 4, 6-7; Pitney Bowes Comments at 2. Pitney Bowes states that, given the importance of 5-Digit Automation Letters, “the Postal Service’s reluctance to prioritize setting this workshare discount at the most efficient level possible is perplexing.” Pitney Bowes Comments at 2. NPPC and Pitney Bowes encourage the Postal Service to set this discount so that it is fully efficient. NPPC Comments at 4-5, 6; Pitney Bowes Comments at 2. Finally, NPPC expresses concern that the Postal Service is not improving passthroughs for Nonautomation Machinable Letters because the Postal Service “is not improving the rate differential between Metered Mail and Mixed AADC Machinable Letters.” NPPC Comments at 7.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified

⁴⁴ NAPM Comments at 2; NPPC Comments at 4, 6-7; Pitney Bowes Comments at 2.

that all First-Class Mail workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service states that of the 16 First-Class Mail workshare discounts, 13 are set equal to avoided costs and three are set below avoided costs. Notice at 9. The Postal Service asserts that the three workshare discounts set below avoided costs have passthroughs between 85 and 100 percent. *Id.* In accordance with 39 C.F.R. 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). The Commission has confirmed that the three First-Class Mail workshare discounts set below avoided costs have passthroughs of at least 85 percent and are therefore permitted under the exception in 39 C.F.R. § 3030.284(e).

The First-Class Mail workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J. As a result, the Commission approves the First-Class Mail workshare discounts proposed in this proceeding. However, the Commission encourages the Postal Service to use its pricing flexibility to incentivize desired mailer behavior and to work with mailers and consider their concerns as it plans future price adjustments. Regarding the First-Class Mail 5-Digit Automation Letters discount, the Commission supports the movement of this discount closer to avoided cost and encourages the Postal Service to consider commenter concerns and the importance of this discount to its customers when the Postal Service exercises its pricing flexibility in setting this discount in the future.

D. Mail Classification Changes

1. Introduction

The classification changes for First-Class Mail pertaining to the proposed CY 2024 promotions are addressed in Section IV.A., *supra*. The Postal Service also proposes changes to the Reply Mail IMbA Promotion that are intended to go into effect beginning with the CY 2023 offering of the promotion.⁴⁵

2. The Postal Service's Position

The Postal Service states that the Reply Mail IMbA promotion was introduced and approved in Docket No. R2023-1 to begin in CY 2023. Notice at 39. The Postal Service explains that in this proceeding, it is proposing two changes to the MCS “to better describe the promotion.” *Id.* First, it is proposing to move the promotion’s “description from MCS §1110 (Presorted Letters/Postcards) to MCS §1105 (Single-Piece Letters/Postcards).” *Id.* Second, the Postal Service proposes to modify the description of the promotion to clarify that the promotion applies to QBRM letters and postcards rather than presort and automation letters. *Id.* at 39-40; *id.* Attachment A at 7, 12. The Postal Service asserts that these changes are “ministerial,” that their substance has already been approved by the Commission, and that they will have “no effect on mailers.” *Id.* at 40. In response to CHIRs, the Postal Service clarified that these changes are intended to be applied to the MCS effective July 9, 2023. Response to CHIR No. 1, question 1.b.; Response to CHIR No. 2, question 1.

3. Comments

The Public Representative states that the Postal Service has made a sufficient showing under 39 C.F.R. §§ 3040.180-.181 to justify the proposed revisions to the

⁴⁵ Notice at 39-40; *id.* Attachment A at 3, 7, 8, 12; Response to CHIR No. 2, question 1.

MCS. PR Comments at 22. No other commenter addresses this planned mail classification change.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the Reply Mail IMbA Promotion, effective July 9, 2023. The Commission initially approved the CY 2023 Reply Mail IMbA Promotion in Order No. 6341. Order No. 6341 at 16. The Commission has confirmed that the volumes in the workpapers supporting the CY 2023 Reply Mail IMbA Promotion came from single-piece QBRM letters and single-piece QBRM postcards, which are price categories within the Single-Piece Letters/Postcards product. Docket No. R2023-1, Library Reference PRC-LR-R2023-1/1, November 28, 2022, Excel file “PRC_CAPCALC-FCM-R2023-1.xlsx.” Accordingly, the Commission agrees that that the revised description appropriately clarifies the mailpieces intended to qualify for the Reply Mail IMbA Promotion, that the change is ministerial because the Commission previously approved its substance, and that moving the promotion description from MCS § 1110 (Presorted Letters/Postcards) to § 1105 (Single-Piece Letters/Postcards) is appropriate to improve the accuracy of the MCS.

E. Other Comments Related to First-Class Mail

1. Introduction

Pitney Bowes, NPPC, GCA, Joan Spainhower, and Ann Younger raise concerns related to First-Class Mail that have not been addressed elsewhere in this section. Pitney Bowes Comments at 4; NPPC Comments at 4-5; GCA Comments at 1-2; Spainhower Comments at 1; Younger Comments at 1.

2. Comments

Pitney Bowes notes that the Postal Service proposes to maintain a 3-cent pricing differential between Stamped and Metered Letters in this proceeding. Pitney Bowes Comments at 4. Pitney Bowes contends that “[a] meaningful price differential for Metered Letters is appropriate given that the Postal Service has acknowledged that Metered Letters are a more secure and efficient postage payment channel.” *Id.* Pitney Bowes asserts that a meaningful price differential creates incentives for small- and medium-sized businesses to use the Postal Service’s products, and also benefits commercial mailers because the meter price serves as a benchmark for First-Class Mail Presort Letters. *Id.* Pitney Bowes encourages the Postal Service to “expand this pricing differential as it adjusts rates over time.” *Id.*

NPPC is disappointed that the Postal Service did not increase the Metered Letter price differential in this price adjustment filing, which NPPC argues would have “promoted efficiency throughout the postal network.” NPPC Comments at 4. NPPC states that it hopes the Postal Service will address this in the next price adjustment filing. *Id.* at 5.

GCA raises concerns about the effect of the Commission’s recent decision “in Order No. 6549[] to allow the Postal Service to omit from its regulatory accounts the \$57 billion debt relief provided to it by the Postal Service Reform Act of 2022.”⁴⁶ GCA concedes that the Commission has determined the Postal Service’s density-based rate authority of 0.936 percent and retirement-based rate authority of 1.036 percent, and that it “do[es] not expect those percentages to be retracted in this docket.” GCA Comments at 1-2. GCA asserts that if the \$57 billion debt relief was not omitted, First-Class Mail

⁴⁶ See Docket No. RM2023-2, Order on Analytical Principles Used in Periodic Reporting (Proposal Seven), March 17, 2023 (Order No. 6459); GCA Comments at 1.

rates would have been lower due to a lack of density- and retirement-based rate authority. *Id.* at 1-2.

Joan Spainhower opposes the proposed First-Class Mail rate increases, and notes that the Postal Service recently raised rates. Spainhower Comments at 1. Spainhower states that the rate increases have “a highly negative impact on the [greeting card] ministries that we maintain.” *Id.* Ann Younger also opposes the proposed price increases and states that she hopes “this will be overruled by the postal regulator.” Younger Comments at 1. Younger notes that she supports the rate increases if necessary to keep the Postal Service “financially solvent,” but opposes the Postal Service’s advertising on television and in magazines. *Id.*

3. Commission Analysis

With respect to the concerns raised by commenters regarding specific prices, the Commission notes that the authority to establish prices is vested primarily in the Governors of the Postal Service. See 39 U.S.C. § 404(b). Under the ratemaking system, the Governors of the Postal Service have the discretion to use some, none, or all of the available rate authority and to select individual prices for products and rate cells that comply with the class-level price cap. Order No. 5763 at 313-14, 315-16. The Commission previously found that the class-level application of the price cap allows the Postal Service pricing flexibility to vary the size of rate changes at the class, product, and rate cell levels. *Id.* at 315-16; see 39 U.S.C. § 3622(b)(4), (8). Thus, the Postal Service retains flexibility to vary proposed prices within classes and among products. The Commission’s review is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629, which the proposed price adjustments for First-Class Mail do, and no commenter alleges otherwise. 39 C.F.R. § 3030.126(b). As a result, the Commission has no basis, on the grounds raised in the comments, for determining that proposed First-Class Mail prices do not comply with applicable law or for rejecting the

proposed price increases. The Commission nonetheless encourages the Postal Service to work with mailers and consider the concerns they raise as it plans future price adjustments.

With respect to Pitney Bowes and NPPC's suggestion that the Postal Service should increase the price differential between Stamped and Metered Letters, the Commission reiterates that such a decision is within the Postal Service's discretion and pricing flexibility. See Pitney Bowes Comments at 4; NPPC Comments at 4-5. The Postal Service's ability to set such price differentials between price categories has been in place since the creation of the initial Market Dominant ratemaking system following the passage of the PAEA and was not altered by Order No. 5763. Nonetheless, the Commission encourages the Postal Service to consider the arguments raised by Pitney Bowes and NPPC when setting these prices in the future.

With respect to GCA's arguments on the effect of Order No. 6549 on prices, the issue of the accounting treatment of the Postal Service Reform Act of 2022's (PSRA's) forgiveness of the \$57 billion retiree health benefit (RHB) prefunding liabilities was resolved in Docket No. RM2023-2.⁴⁷ As such, it is outside the scope of this proceeding. Moreover, contrary to GCA's argument that First-Class Mail rates would have been lower due to a lack of density and retirement-based rate authority had the \$57 billion RHB prefunding liabilities not been omitted, the Commission notes that only density-based authority would have been affected had the Commission declined to approve the Postal Service's proposed change in analytical principle in Docket No. RM2023-2. See GCA Comments at 2; Order No. 6549 at 7, 23-24. The Commission also notes that Order No. 6549 did not "omit" the \$57 billion RHB forgiveness, as GCA contends, but rather provided that it should be recorded as a one-time non-operational gain in "Miscellaneous Items" in the "Revenue" column in the Postal Service's Cost and

⁴⁷ See Postal Service Reform Act of 2022, Pub. L. 117-108, 136 Stat. 1127 (2022); Order No. 6459.

Revenue Analysis (CRA), which allowed for its reconciliation with the United States Postal Service, 2022 Report on Form 10-K, November 10, 2022. Order No. 6549 at 20, 21, 25.

VI. USPS MARKETING MAIL

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, classification changes, statutory preferential rates, and nonprofit discounts applicable to USPS Marketing Mail.

B. Price Adjustment Authority

1. Introduction

The USPS Marketing Mail class consists of seven products: (1) Letters; (2) Flats; (3) Parcels; (4) High Density and Saturation Letters; (5) High Density and Saturation Flats/Parcels; (6) Carrier Route; and (7) Every Door Direct Mail (EDDM)—Retail. The planned price increase for USPS Marketing Mail is, on average, 5.378 percent, which results in 0.003 percent remaining in unused price adjustment authority.⁴⁸ Table VI-1 shows the percentage price change for each USPS Marketing Mail product as calculated by the Commission.

⁴⁸ As shown in Table II-1, *supra*, the Postal Service has 5.381 percent in available pricing authority. Subtracting the 5.378 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.003 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-2-2, Excel file “PRC-CAPCALC-MM-R2023-2.xlsx.”

Table VI-1
USPS Marketing Mail Price Changes (By Product)

USPS Marketing Mail Product	Price Change %
Letters	5.195
Flats	7.381
Parcels	20.455
High Density and Saturation Letters	5.057
High Density and Saturation Flats/Parcels	3.047
Carrier Route	7.388
EDDM—Retail	4.762
Overall	5.378
Source: Library Reference PRC-LR-R2023-2-2, Excel file “PRC-CAPCALC-MM-R2023-2.xlsx.”	

2. The Postal Service’s Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes to make four adjustments to the hybrid year billing determinants for USPS Marketing Mail. *Id.* at 25. First, the Postal Service estimates the High Density Plus, EDDM, and Saturation flats volumes on Delivery Sort (*i.e.*, 5-Digit and 5-Digit Scheme) containers using the percentage numbers derived from the Marketing Mail Characteristics Study filed in Docket No. ACR2022 to account for the new workshare discounts approved in Docket No. R2022-1. *Id.* at 25-26; see Order No. 6188 at 73-75. Second, the Postal Service estimates the qualifying ADC, 3-Digit, 5-Digit, Carrier Route, High Density, High Density Plus, EDDM, and Saturation flats volumes on sectional center facility (SCF) pallets using the percentage numbers derived from the Marketing Mail Characteristics Study

filed in Docket No. ACR2022 to account for the new workshare discounts approved in Docket No. R2023-1.⁴⁹ Third, the Postal Service estimates the AADC, qualifying ADC, 3-Digit, 5-Digit, Carrier Route, High Density, High Density Plus, EDDM, and Saturation letters volumes on SCF pallets using the percentage numbers derived from the Marketing Mail Characteristics Study filed in Docket No. ACR2022 to account for the new workshare discounts proposed in this proceeding.⁵⁰ Fourth, the Postal Service includes the new Marriage Mail 2 oz. Incentive in its calculations for the percentage change in rates for USPS Marketing Mail and asserts that it meets the criteria of 39 C.F.R. § 3030.128(f)(2) for doing so. *Id.* at 16-17. The Postal Service adjusts the billing determinants for Saturation and EDDM flats and Saturation letters volumes to account for the volumes that it estimates will be eligible for the new Marriage Mail incentive. *Id.* at 16, 26. The new proposed workshare discounts, the changes to workshare discounts as a result of the Revised Response to CHIR No. 1, question 15, and the new Marriage Mail incentive are also discussed in Section VI.E., *infra*.

⁴⁹ Notice at 26; see Order No. 6341 at 62-64; Revised Response to CHIR No. 1, question 15. In the Revised Response to CHIR No. 1, question 15, the Postal Service acknowledged that it had extended the workshare discount for 3-Digit bundles on SCF pallets to “a small number of mailers who have sent ADC [Flats] bundles that qualify to be placed on SCF pallets.” Revised Response to CHIR No. 1, question 15. In conjunction with the Revised Response to CHIR No. 1, question 15, the Postal Service made adjustments to the billing determinants to reflect the extension of the workshare discount and its proposal to get the extension of the discount approved in this proceeding. See *id.* The Postal Service states that “[a]dding the discount will not change the [USPS] Marketing [M]ail price cap authority available, used, or banked.” *Id.*

⁵⁰ Notice at 26; Revised Response to CHIR No. 1, question 15. In the Revised Response to CHIR No. 1, question 15, the Postal Service proposes to extend the discount proposed in this proceeding for 3-Digit and 5-Digit letters on SCF pallets under the Flats product to Nonautomation Nonmachinable qualifying ADC letters on SCF pallets under the Flats product and proposes adjustments to the billing determinants to reflect this proposal. Revised Response to CHIR No. 1, question 15. The Postal Service states that “[a]dding this discount . . . will cause no change in authority available, used, or banked for the volume is something close to zero.” *Id.*

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative states that the planned price adjustments comply with the requirements of the price cap and that the Marriage Mail 2 oz. Incentive meets the requirements to be included in the percentage change in rates for USPS Marketing Mail. PR Comments at 8.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for USPS Marketing Mail comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it uses 5.381 percent of its available pricing authority for USPS Marketing Mail and that the total unused price adjustment authority available for USPS Marketing Mail after this proceeding is 0.000 percent. Notice at 5, 6. During the proceeding, the Postal Service identified an error in its initial workpapers. Response to CHIR No. 1, question 15; Revised Response to CHIR No. 1, question 15. The Postal Service explains that it initially omitted a portion of High Density Plus, EDDM, and Saturation volume from an adjustment to the billing determinants that are eligible for the Delivery Sort workshare discount, specifically sacks that are entered at the delivery unit. *Id.* The Postal Service filed revised workpapers correcting this omission, which altered the overall percentage change in rates for USPS Marketing Mail, the amount of total unused price rate authority for USPS Marketing Mail, and the percentage change in rates for the High Density and Saturation Flats/Parcels product.⁵¹ The Commission finds that the Postal Service's proposed correction is appropriate as the identified volumes are eligible for the Delivery Sort workshare discount and the revised workpapers reflect that. Correcting for the omission, the Commission calculates

⁵¹ *Id.*; Library Reference USPS-LR-R2023-2-2_rev.4.21.2023, Excel file "CAPCALC-USPSMM-R2023-2.Rev.4.21.xlsx;" Library Reference USPS-LR-R2023-2-2 Rev.5.8 USPS Marketing Mail Workpapers, Excel file "CAPCALC-USPSMM-R2023-2.Rev.5.8.xlsx."

the Postal Service's planned price adjustments for the USPS Marketing Mail class to be 5.378 percent, which is less than the total available authority of 5.381 percent and results in total unused price adjustment authority available for USPS Marketing Mail after this proceeding of 0.003 percent.⁵²

The Commission accepts the Postal Service's adjustments to the billing determinants for USPS Marketing Mail as reasonable and accepts the Postal Service's proposed inclusion of the new Marriage Mail 2 oz. Incentive in the calculations for the percentage change in rates as consistent with 39 C.F.R. § 3030.128(f)(2). However, the Commission must also express its concern with the lack of transparency related to the proposed adjustments to the billing determinants made to account for the new workshare discounts proposed in this and other recent rate adjustment proceedings. The regulations require that "[t]he Postal Service . . . identify and explain all adjustments" and that "[a]ll information and calculations relied upon to develop the adjustments shall be provided together with an explanation of why the adjustments are appropriate." *Id.* § 3030.128(b)(1). In the Notice, the Postal Service stated that it made the adjustments "using the percentage numbers derived from The Marketing Mail Characteristics Study documented in [Docket No. ACR2022, Library Reference] USPS-FY22-14." Notice at 25-26. However, the initial filing lacked detail and explanation concerning the adjustments made and underlying calculations, and three rounds of questions were necessary to ensure the proposed adjustments to the billing determinants were reasonable and transparent. CHIR No. 1, question 15; CHIR No. 4, question 2; CHIR No. 5, questions 2-4. The Commission's regulations set forth

⁵² Additionally, as a result of correcting for the omission, the Commission calculates that the percentage change in rates for the High Density and Saturation Flats/Parcels product is reduced from 3.071 percent to 3.047 percent. The Commission notes that there was an inconsistency between the percentage change in rates for the High Density and Saturation Flats/Parcels product presented in the text of the CHIR responses (3.046 percent) and the accompanying workpapers (3.047 percent). See, e.g., Library Reference USPS-LR-R2023-2-2 Rev.5.8 USPS Marketing Mail Workpapers, Excel file "CAPCALC-USPSMM-R2023-2.Rev.5.8.xlsx;" Revised Response to CHIR No. 1, question 15. The Commission has determined that the percentage change in rates reflected in the workpapers is correct.

procedures for expedited adjudication of rate adjustment proceedings. 39 C.F.R. § 3030.126. As the Commission stated in Order No. 6341, “such expedited adjudication is dependent on the Postal Service’s initial filing being accurate, complying with the Commission’s regulations, and containing adequate explanations of proposed changes.” Order No. 6341 at 74. The Postal Service’s filing on April 10, 2023 was insufficient with regard to the explanations and information provided related to the USPS Marketing Mail billing determinant adjustments. In future rate adjustment filings, the Postal Service must ensure that it provides full explanations of its proposed billing determinant adjustments as well as “all information and calculations relied upon to develop the adjustments” to comply with 39 C.F.R. § 3030.128(b)(1) or risk delays in the Commission’s review and approval of its proposed price adjustments. See 39 C.F.R. § 3030.128(b)(1); Order No. 6341 at 74-75. For example, if the Postal Service elects to rely on data presented in a pivot table as it did in the Response to CHIR No. 1, question 15, then *in its initial filing*, the Postal Service must provide the data, the sources of the data, how the sources relate to other relevant data sources, and step-by-step calculations showing how any data in the pivot table relates to adjustments used in the price cap calculation workpapers, including for any adjustments made for qualifying ADC Automation Flats, ADC Nonautomation Flats, and Nonautomation Nonmachinable ADC letters on SCF pallets.

The Commission also notes its concern that the Postal Service, without approval, extended the workshare discounts approved in Docket No. R2023-1 to ADC bundles containing Flats that were qualified to be placed on SCF pallets. See Revised Response to CHIR No. 1, question 15. The Commission emphasizes that the Postal Service must take steps to ensure that current prices reflect those approved by the Commission in the most recent rate adjustment proceeding. However, the Commission also appreciates the Postal Service’s identification of this issue and effort to correct it in this proceeding. Although extending the workshare discount instead of charging the non-discounted higher price appearing in the Docket No. R2023-1 workpapers did not

implicate the price cap because the associated volumes are relatively small and the discounted price is more favorable to mailers, the Commission is concerned by the lack of transparency. In the future, the Postal Service should ensure that the prices appearing in the Commission's final workpapers for a given rate adjustment proceeding are reflective of the current prices being charged and reflected as the current prices in the workpapers in the immediately subsequent rate adjustment proceeding.⁵³

C. Non-Compensatory Products

1. Introduction

In FY 2022, three USPS Marketing Mail products did not cover their attributable costs. FY 2022 ACD at 36. These products were USPS Marketing Mail Flats, Parcels, and Carrier Route, which had cost coverages of 66.7 percent, 87.5 percent, and 99.4 percent, respectively. *Id.* at 36-37. In the FY 2022 ACD, the Commission reminded the Postal Service that it must increase prices for each of these products by at least 2 percentage points above the class average in future rate adjustments consistent with 39 C.F.R. § 3030.221. *Id.* at 48, 52-53, 56.

2. The Postal Service's Position

The Postal Service acknowledges that the Commission found that USPS Marketing Mail Flats, Parcels, and Carrier Route did not cover their costs in FY 2022 and that it is required by 39 C.F.R. § 3030.221 to raise rates for these products by at least 2 percentage points above the class average. Notice at 10. The Postal Service

⁵³ The Commission also notes that Library Reference USPS-LR-R2023-2-2 Rev.5.8 USPS Marketing Mail Workpapers, Excel file "CAPCALC-USPSMM-R2023-2.Rev.5.8.xlsx" uses the incorrect current price for the ADC bundles containing Flats that were qualified to be placed on SCF pallets. The Commission has corrected this in Library Reference PRC-LR-R2023-2-2, Excel file "PRC-CAPCALC-MM-R2023-2.xlsx."

states that it is raising prices for these products by 7.381, 20.455, and 7.388 percent, respectively. *Id.*

3. Comments

The Public Representative states that the proposed price increases for the USPS Marketing Mail Flats, Parcels, and Carrier Route products comply with 39 C.F.R. § 3030.221. PR Comments at 20. No other commenters raise issues pertaining to USPS Marketing Mail Flats', Parcels', or Carrier Route's status as non-compensatory products.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class.⁵⁴

In this price adjustment, the Postal Service has proposed price increases for the USPS Marketing Mail Flats, Parcels, and Carrier Route products of 7.381 percent, 20.455 percent, and 7.388 percent, respectively, all of which are more than 2 percentage points above the USPS Marketing Mail class average increase of 5.378 percent. Notice at 10; Section VI.B., *supra*. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221.

⁵⁴ 39 C.F.R. §§ 3030.127(b), .221. See FY 2022 ACD at 48, 52-53, 56.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts.

2. The Postal Service's Position

The Postal Service asserts that all USPS Marketing Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. Notice at 17-25. The Postal Service states that “[o]f [the] 58 passthroughs in [USPS] Marketing Mail, 30 passthroughs are equal to 100 percent.” *Id.* at 17. The Postal Service proposes that all but 2 of the remaining 28 workshare discounts be set below avoided costs, with 15 of those workshare discounts having passthroughs of at least 85 percent. *Id.* The Notice provides more detail about the 13 workshare discounts with proposed passthroughs that fall outside of the 85 to 100 percent range. *Id.* at 17-25. Specifically, for the 2 workshare discounts set above avoided costs, the Postal Service proposes to decrease the workshare discounts by a minimum of 20 percent consistent with the exception in 39 C.F.R. § 3030.283(c). *Id.* at 19-20. For 10 of the workshare discounts with passthroughs below 85 percent, the Postal Service proposes to increase the workshare discounts by a minimum of 20 percent consistent with the exception in 39 C.F.R. § 3030.284(c). *Id.* at 18-19, 21-25. In addition, for 1 of the proposed new workshare discounts, the Postal Service justifies a passthrough of 66.7 percent pursuant to the exception in 39 C.F.R. § 3030.284(b) because the workshare discount is new. *Id.* at 22. The new workshare discounts for USPS Marketing Mail proposed in this proceeding are discussed in Section VI.E., *infra*.

3. Comments

Pitney Bowes commends the proposed workshare discounts for USPS Marketing Mail Letters. Pitney Bowes Comments at 1-2. Pitney Bowes notes many of the workshare discounts have passthroughs of 100 percent, including one of the new workshare discounts for letters on SCF pallets. *Id.* Pitney Bowes also notes that the passthroughs for Nonautomation Machinable Mixed AADC Letters and DNDC Letters have improved. *Id.* at 2.

The Public Representative states that the proposed USPS Marketing Mail workshare discounts comply with 39 C.F.R. part 3030, subpart J. PR Comments at 11-15. With respect to the workshare discounts for High Density Letters, Saturation Flats on Delivery Sort containers, High Density Flats on SCF pallets, High Density Plus Flats on SCF pallets, and Saturation Flats on SCF pallets, the Public Representative states that although the proposed discounts comply with the rules, it is unexplained why the Postal Service elects to set the discounts so far below avoided costs. *Id.* at 13, 14. The Public Representative notes that the rules require only incremental improvements in workshare discount passthroughs but further notes that if the Postal Service continues to adjust these discounts by the minimum amount allowed under the rules, it could take several years before the discounts align with avoided costs. *Id.* at 13, 15. The Public Representative suggests that the Postal Service exceed the minimum adjustment permissible in future rate adjustment proceedings. *Id.*

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the

discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all USPS Marketing Mail workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service states that of the 58 USPS Marketing Mail workshare discounts, 30 are set equal to avoided costs and 26 are set below avoided costs. Notice at 17. The Postal Service asserts that the 26 workshare discounts set below avoided costs have been increased by at least 20 percent, are new, or are set to result in passthroughs of at least 85 percent. *Id.* at 17-19, 21-25. In accordance with 39 C.F.R. § 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless an exception listed in 39 C.F.R. § 3030.284(b)-(e) applies. 39 C.F.R. § 3030.284(a). These exceptions include: (1) the proposed workshare discount is associated with a new postal service, a change to an existing postal service, or a new workshare initiative; (2) the proposed workshare discount is a minimum of 20 percent more than the existing workshare discount; or (3) the percentage passthrough for the proposed workshare discount is at least 85 percent. *Id.* § 3030.284(b), (c), (e). The Commission has confirmed that the 26 USPS Marketing Mail workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284.

The Postal Service also states that two USPS Marketing Mail workshare discounts are proposed to exceed avoided costs. Notice at 19-20. The Postal Service asserts that these discounts are permissible because the workshare discounts are proposed to decrease by at least 20 percent consistent with 39 C.F.R. § 3030.283(c). *Id.* In accordance with 39 C.F.R. § 3030.283, “[n]o proposal to adjust a rate may set a workshare discount that would exceed the cost avoided by the Postal Service for not providing the applicable service” unless an exception listed in 39 C.F.R. § 3030.283(b)-

(e) applies. 39 C.F.R. § 3030.283(a). The exception in 39 C.F.R. § 3030.283(c) allows a workshare discount to exceed avoided costs if “[t]he proposed workshare discount is a minimum of 20 percent less than the existing workshare discount.” *Id.* § 3030.283(c). The Commission has confirmed that the two USPS Marketing Mail workshare discounts set above avoided costs are permitted by the exception in 39 C.F.R. § 3030.283(c).

The USPS Marketing Mail workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J. As a result, the Commission approves the USPS Marketing Mail workshare discounts proposed in this proceeding. However, consistent with the views of the Public Representative, the Commission also encourages the Postal Service to use its pricing flexibility to bring workshare discounts that are set substantially below avoided costs closer to avoided costs by exceeding the minimum changes set forth in 39 C.F.R. part 3030, subpart J in future rate adjustment proceedings. See PR Comments at 13-15.

E. Mail Classification Changes

1. Introduction

The classification changes for USPS Marketing Mail pertaining to the proposed CY 2024 promotions are addressed in Section IV.A., *supra*. In addition to the promotions-related changes, the Postal Service proposes four substantive changes to the MCS: (1) the addition of two new workshare discounts for letter-shaped mailpieces on SCF pallets as well as the extension of the workshare discounts approved in Docket No. R2023-1 for flat-shaped mailpieces on SCF pallets to qualifying ADC Automation and Nonautomation Flats; (2) the addition of a Marriage Mail 2 oz. Incentive; (3) the removal of references to the Move Update Noncompliance Charge; and (4) the

institution of an altered piece and pound pricing structure for USPS Marketing Mail flat-shaped mailpieces.⁵⁵

2. The Postal Service's Position

Workshare discounts. With respect to the two new workshare discounts for letter-shaped mailpieces on SCF pallets (*i.e.*, a pallet on which all pieces are destined to ZIP Codes served by a single SCF), the Postal Service proposes one discount for Automation and Nonautomation letters (AADC, ADC, 3-Digit, and 5-Digit) and another for Carrier Route, High Density, High Density Plus, and Saturation (including EDDM) letters.⁵⁶ The Postal Service explains that it is establishing these discounts “to enable the efficient flow of SCF pallets through the network.” Notice at 12. It states that “SCF palletization reduces mail processing costs and improves service times by eliminating bundle or tray handlings and sortation in facilities upstream from the destination SCF or [destination sectional center facility (DSCF)].” *Id.* The Postal Service states that these new discounts are similar to discounts previously approved by the Commission. *Id.* at 12-13. Specifically, the Postal Services notes that the Commission “favorably reviewed an analogous discount for Carrier Route pieces on 5-Digit pallets in 2015” and approved

⁵⁵ In addition, over the course of the proceeding, multiple minor errors and instances of changes not made in legislative format were identified in CHIRs. See CHIR No. 1, question 14; CHIR No. 2, questions 14-16, 18. In response to these questions, the Postal Service corrected an incorrect table heading, removed an incorrect price cell from a price table, and provided changes in legislative format that were incorrectly identified in Attachment A to the Notice. Response to CHIR No. 1, question 14; *id.* Attachment A at 50; Response to CHIR No. 2, questions 14-16, 18; *id.* Attachment A at 25, 30-37, 43-46, 51, 54, 56-62. In addition, the Commission notes that the Postal Service proposes to reorder (but not otherwise change) the current content under the price category of Saturation, High Density Plus, and High Density Nonautomation Letters to be consistent with the other price categories listed. Notice, Attachment A at 28. The Commission makes these changes in the Attachment to this Order.

⁵⁶ Notice at 11; *id.* Attachment A at 22, 24, 28, 34, 37, 40, 43, 45, 48, 54; Revised Response to CHIR No. 1, question 15; *id.* Attachment A at 54, 63. The Postal Service proposes offering the discount to qualifying Nonautomation Nonmachinable ADC letters (under the Flats product) in the Revised Response to CHIR No.1, question 15. Revised Response to CHIR No. 1, question 15. The Postal Service notes that the change has no effect on rate authority because “the volume is something close to zero.” *Id.*

similar discounts for flats in Docket Nos. R2021-2, R2022-1, and R2023-1. *Id.* The Postal Service states that the “new discounts will not adversely affect either the rates or the service levels of users of postal services who do not take advantage of them” because “[t]he discounts are generally available, and for those mailers that do not take advantage of them, all other rates still exist.” *Id.* at 13.

With regard to the extension of the workshare discounts approved in Docket No. R2023-1 for flat-shaped mailpieces on SCF pallets to qualifying ADC Automation and Nonautomation Flats, the Postal Service explains that in Docket No. R2023-1, it proposed a number of new workshare discounts for USPS Marketing Mail flats on SCF pallets “to enable the efficient flow of SCF pallets through the network,” which the Commission approved in that proceeding. Revised Response to CHIR No. 1, question 15. The Postal Service represents that “SCF palletization reduces mail processing costs and improves service times by eliminating bundle or tray handlings and sortation in facilities upstream from the destination SCF or DSCF.” *Id.* Among the mailpieces offered the discounts, SCF pallet discounts were available for Flats bundles on pallets where the pieces were sorted to 3-Digit or 5-Digit fineness. *Id.* They were not proposed to be offered to Flats sorted below 3-Digit (e.g., to ADC or Mixed ADC) because “the original concept of ADC was a facility that served multiple destination plants (or SCFs).” *Id.*

The Postal Service notes that this has become less applicable as plants have consolidated, and through this consolidation, the ADC and SCF territory of some plants became the same. *Id.* Because of this, “when the service zones of a plant’s ADC territory are identical to the zones of a plant’s SCF service territory, the Postal Service allows ADC bundles (mail that is not sorted to 3-Digits or does not meet 3-Digit minimums) to be placed on SCF pallets.” *Id.* As a result, the Postal Service explains that it has given the discount for 3-Digit Flats’ bundles on SCF pallets “to a small number of mailers who have sent ADC bundles that qualify to be placed on SCF

pallets.” *Id.* The Postal Service states that giving this discount is “sensible . . . operationally” because the same benefits of the discounts for 3-Digit bundles on SCF pallets apply to the ADC bundles. *Id.* Thus, the Postal Service proposes that the discount for bundles on SCF pallets be approved to extend to qualifying Automation and Nonautomation ADC Flats bundles on SCF pallets in this proceeding. *Id.* Attachment A at 54-55, 63. The Postal Service asserts that “[t]his will not disturb mailers’ expectations.” Revised Response to CHIR No. 1, question 15.

Marriage Mail 2 oz. Incentive. With respect to the new Marriage Mail 2 oz. Incentive, the Postal Service states that it “is introducing a new incentive for lightweight ‘marriage mail’ within the Saturation rate category, both Letters and Flats.” Notice at 14; *id.* Attachment A at 22, 24, 28, 34. The Postal Service explains that “[m]arriage mail is not a postal product per se but an offering of third-party mail service providers that combines advertisements from multiple businesses into a single mailpiece within an envelope or wrapper.” *Id.* at 14. The Postal Service further explains that “[b]y combining advertisements, marriage mail reduces each individual advertiser’s per-piece cost as each pays only a fraction of the postage for the combined piece.” *Id.* The Postal Service proposes that the Marriage Mail 2 oz. Incentive provide “mailers with a 10 percent reduction, rounded to the nearest tenth of a cent, on the applicable price for Marketing Mail letter- and flat-shaped pieces mailed at Saturation rates” that weigh 2 oz. or less and combine advertising inserts from at least four different advertisers. *Id.* In addition, mailers must mail “these pieces in at least 10 separate mailings in each rolling 12-month period starting from when the incentive is first claimed.” *Id.* The 10 percent discount will be obtained on a per-mailing basis, and if a mailer does not mail 10 separate mailings in a 12-month period, the mailer will be charged back the 10 percent discount at the end of the 12-month period. Response to CHIR No. 1, question 16.a., b.

The Postal Service states that the incentive is voluntary and available to any mailer “regardless of prior participation in the incentive or prior volume sent.” Notice

at 15. The Postal Service represents that the Marriage Mail 2 oz. Incentive is not a workshare discount and is “designed to increase volume, [to] improve the value of mail for mailers, and to improve the operations of the Postal Service.” *Id.* The Postal Service states that the incentive will improve “the value of the mail for small and local businesses by lowering the cost of entry for them to begin advertising through the mail,” and that “[i]deally some of these new advertisers will eventually become direct mailers themselves.” *Id.* The Postal Service also represents that the value of the mail for mailers will be improved because “[p]articipating mailers will have access to pools of new potential customers at a reduced price, and mail service providers have a means of attracting new advertisers with lower prices.” *Id.* The Postal Service states that it will also benefit through increased volumes and “if priced correctly going forward, increased revenue to devote to postal operations.” *Id.* at 16.

Move Update Noncompliance Charge removal. With respect to the removal of references to the Move Update Noncompliance Charge, in Docket No. R2023-1, the Postal Service explained that manual, MERLIN-based verifications were no longer performed and were replaced by automatic verifications using electronic postal statement verification and mail processing equipment data.⁵⁷ As a result, the Postal Service explained that the Move Update Noncompliance Charge “is no longer relevant under the current verification regime and will be removed from the MCS and the Capcalc file in a subsequent price change docket.” Docket No. R2023-1, Response to CHIR No. 2, question 6. The Postal Service asserts that it “now make[s] these ministerial changes through the [USPS] Marketing Mail sections of the MCS.”⁵⁸ The

⁵⁷ Docket No. R2023-1, Responses of the United States Postal Service to Chairman’s Information Request No. 2, October 25, 2022, question 6 (Docket No. R2023-1, Response to CHIR No. 2).

⁵⁸ Notice at 40; *id.* Attachment A at 22, 25, 28, 34, 37, 40, 43, 45, 49, 54, 59. See Response to CHIR No. 2, question 19; *id.* Attachment A at 66.

Postal Service further asserts that these changes will have no effect on mailers. Notice at 40.

Revised flats pricing structure. With respect to the altered piece and pound pricing structure for USPS Marketing Mail flat-shaped mailpieces, the Postal Service failed to provide any explanation for the new pricing structure in its Notice and solely included the proposed changes in Attachment A to Notice, with only some of the proposed changes made in legislative format.⁵⁹ CHIR No. 2, questions 17 and 18 were issued to gather information necessary to understand the Postal Service's proposed changes as well as to ensure that all relevant changes to the MCS were presented in legislative format. CHIR No. 2, questions 17-18. In the Response to CHIR No. 2, the Postal Service confirms that it used "a new methodology for deriving the proposed prices for flat-shaped [USPS] Marketing Mail pieces in this case and inadvertently did not include this explanation with the other explanations of MCS changes below the product level." Response to CHIR No. 2, question 17. The Postal Service states that it did include "a detailed explanation of this new pricing methodology" in Docket No. RM2023-4. *Id.*

The Postal Service explains that prior to Docket No. RM2023-4, the methodology for calculating passthroughs for flat-shaped USPS Marketing Mail produced occasional anomalies that "made it more difficult, and sometimes impossible, for flat-shaped [USPS] Marketing Mail passthrough percentages to meet the requirements in 39 C.F.R. §§ 3030.283 and 3030.284." *Id.* The Postal Service notes that "[b]ecause prices for these pieces have both piece and pound components, their passthrough percentages could vary, sometimes widely, with changes in mail volumes and weights." *Id.* After the

⁵⁹ *Id.* Attachment A at 30, 31-32, 32-33, 38, 39, 50-51, 52-53, 54; CHIR No. 2, questions 17-18; Response to CHIR No. 2, questions 17-18; *id.* Attachment A 30-37, 43-46, 56-62.

Postal Service sought and was granted a waiver for these workshare discounts, the Commission ordered the Postal Service to address this issue.⁶⁰

The Postal Service states that its proposed solution revised “the way it prices flat-shaped Marketing Mail pieces with piece and pound price components, using a pricing structure based primarily upon pieces instead of the current pricing structure, which is based upon pounds.” Response to CHIR No. 2, question 17. Under the new approach, the Postal Service develops the piece price first, which sets the price for pieces 4 oz. or less. *Id.* Thus, every piece, regardless of weight, pays a fixed piece price, which varies based on presort level and dropship entry point. *Id.* In addition to the piece price, pieces weighing more than 4 oz. will pay a per-pound price for pounds above the 4 oz. breakpoint (*i.e.*, pound prices are only applicable to weights above 4 oz.). *Id.* Pound prices will not vary by dropship entry point, and dropship discounts will be piece-price based and use the piece cost avoidances in their calculation. *Id.* The Postal Service notes that the Commission approved a related change to the methodology for calculating the workshare discount passthroughs in Docket No. RM2023-4.⁶¹

The Postal Service states that in Docket No. RM2023-4, it stated that it would use the revised pricing structure in the next price adjustment proceeding. Response to CHIR No. 2, question 17. The Postal Service asserts that the proposed MCS changes to the pricing tables in MCS §§ 1210.6, 1215.6, and 1225.6 in this proceeding reflect the changed pricing structure. *Id.* In addition to the changed pricing tables, the Postal Service notes that it made changes to correct cross-references to some of the changed tables to reflect the revised titles of the tables. *Id.*

⁶⁰ *Id.* (citing Docket No. RM2022-12, Order Approving Postal Service Application for Waiver Under 39 C.F.R. § 3030.286, August 30, 2022, at 11 (Order No. 6261)).

⁶¹ *Id.* (citing Docket No. RM2023-4, Order on Analytical Principles Used in Periodic Reporting (Proposal One), April 6, 2023, at 11 (Order No. 6474)).

3. Comments

Workshare discounts. NAPM supports the new workshare discounts for USPS Marketing Mail letters on SCF pallets and encourages the Postal Service to continue to explore new workshare discounts. NAPM Comments at 4. NAPM asserts that the discount should also apply to AADC trays since “the majority of the time the AADC is located in the SCF.” *Id.* SMC also supports the new workshare discounts proposed in this proceeding. SMC Comments at 9.

Marriage Mail 2 oz. Incentive. SMC supports approval of the proposed Marriage Mail 2 oz. Incentive and requests that the Commission encourage other incentives like it. *Id.* at 1-2, 9. SMC states that the proposed incentive is the result of substantial collaboration between mailers and the Postal Service and should benefit the Postal Service, marriage mailers, and small businesses. *Id.* at 1-9. SMC explains that the Marriage Mail 2 oz. Incentive was particularly designed to incentivize marriage mailers to send smaller marriage mailings rather than reduce volumes, which should help to address challenges marriage mailers face while allowing the Postal Service to retain and grow high contribution volumes. *Id.* at 5-8.

Valpak also supports approval of the proposed Marriage Mail 2 oz. Incentive and “applauds the Postal Service for engaging with the needs of marketing mailers and working with them to develop pricing incentives that support their business and the Postal Service.” Valpak Comments at 1. Valpak asserts that the new incentive will promote increased marriage mail volumes, which “benefits recipients, advertisers, mail marketing businesses, and the Postal Service” and “improves the overall value of the mail system to consumers.” *Id.* at 2. Valpak specifically supports the discount at the 2 oz. level, which it asserts will make it “more economically viable” to send marriage mail to smaller markets and additional areas, and which it believes will expand the use of the mail for advertising. *Id.* at 3. Valpak suggests that the Commission should encourage the development of similar incentives in the future. *Id.* at 1, 4.

PostCom also endorses the Marriage Mail 2 oz. Incentive and encourages the Commission to approve it. PostCom Comments at 5. PostCom states that it supports the recognition of the unique characteristics of marriage mail and that “the proposed effort to retain mail volume is a welcome development” although it notes it would have preferred a higher incentive. *Id.* PostCom asserts that the incentive will benefit the Postal Service and mailers and “is an example of rate innovation and experimentation that the Postal Service should pursue with far greater frequency.” *Id.*

NNA also supports the Marriage Mail 2 oz. Incentive as it asserts that “in America’s small towns, there remain independent grocers, hardware stores and other local retailers that benefit from our newspapers’ saturation programs” and that “[t]he Postal Service’s proposal will have merit for them.” NNA Comments at 2.

N/MA raises four issues related to the Marriage Mail 2 oz. Incentive. N/MA Comments at 4-6. First, N/MA states that the incentive “may fail to achieve its goals, because it does not extend to High Density Plus Flats, which often serve the same advertising market, but instead may merely discriminate among mailers.” *Id.* at 4. N/MA suggests that “the Commission and Postal Service . . . consider whether to revise this proposal accordingly.” *Id.* at 5. Second, N/MA questions whether the Postal Service will be able to ensure mailers meet the requirement for 10 separate mailings per rolling 12-month period. *Id.* Third, N/MA states that the Commission should require the Postal Service to report on the total amount of discounts awarded if it approves the incentive. *Id.* Fourth, N/MA seeks clarification as to whether the Postal Service intends for the discount to be a new product, a permanent discount, a permanent incentive, or for it to be treated as a promotion. *Id.* at 6.

Move Update Noncompliance Charge removal. The Public Representative states that the Postal Service made a sufficient showing under 39 C.F.R. §§ 3040.180-.181 to justify the removal of the Move Update Noncompliance Charge from the MCS in this proceeding. PR Comments at 22-23.

Revised flats pricing structure. PostCom objects to the change in pricing structure for USPS Marketing Mail flats. PostCom Comments at 4-5. It states that “the change in analytical principles adopted by the Postal Service has resulted in exorbitant rate increases for certain categories of [USPS] Marketing Mail Flats.” *Id.* at 4. PostCom acknowledges that the Postal Service’s proposal to apply the pound rate only to the portion of piece weights that exceed 4 ounces “mitigates the overall impact of the structural change,” but it asserts that the few mailers who mail particularly heavy flats “must now choose among terrible alternatives and either drastically reduce piece weight, risk unknown service volatility by entering at origin, or pay an exorbitant rate increase.” *Id.* PostCom asserts that “[t]hese outcomes should not result from rates that are aligned with costs avoided by workshare or drop-entry.” *Id.* PostCom argues that the Commission should “remand this unreasonable rate structure to the Postal Service” or “open a new docket to reevaluate the pricing structure endorsed by its decision in Docket No. RM2023-4.” *Id.* at 5.

Frank Cutrone asserts that the primary publication mailed by his business is particularly affected by the increases for DDU entry Saturation flats over 4 ounces, which “cannot absorb” the proposed price increase. Cutrone Comments at 1. He further asserts that the price increase for that category is increasing 15 to 21 percent depending on weekly volume. *Id.* He states that his publication “may not be able to weather the proposed increase” and that closing down the publication would result in loss of revenue for the Postal Service as well as have negative local impacts. *Id.*

4. Commission Analysis

Workshare discounts. The Commission accepts the proposed changes to the MCS with respect to the new workshare discounts for Automation and Nonautomation letters (AADC, ADC, 3-Digit, and 5-Digit) and Carrier Route, High Density, High Density Plus, and Saturation (including EDDM) letters on SCF pallets. The Commission finds that these new discounts will encourage efficiency by providing lower prices for letters

on SCF pallets, which require less processing than other USPS Marketing Mail letter-shaped mailpieces because they are able to avoid mail processing activity in facilities upstream from the applicable SCF. The related changes proposed to the MCS will ensure the MCS accurately reflects the new workshare discounts. The Commission notes that the Revised Response to CHIR No. 1, question 15 proposed extending these discounts to ADC letters (under the Flats product) and the Postal Service had initially proposed them for AADC Letters (under the Letters product) as well. These appear to be consistent with NAPM's suggestion to apply the discounts to AADC trays. See NAPM Comments at 4; Revised Response to CHIR No. 1, question 15; Notice at 11.

The Commission also accepts the proposed changes to the MCS with respect to the extension of the workshare discounts approved in Docket No. R2023-1 for flat-shaped mailpieces on SCF pallets to qualifying ADC Automation and Nonautomation Flats. As explained in the Revised Response to CHIR No. 1, question 15, the qualifying ADC Automation and Nonautomation Flats on SCF pallets provide the same benefits to the Postal Service as 3-Digit Automation and Nonautomation Flats on SCF pallets. The related changes proposed to the MCS will ensure that the MCS accurately reflects the Postal Service's current offerings.

Marriage Mail 2 oz. Incentive. The Commission also accepts the proposed changes to the MCS with respect to the addition of the Marriage Mail 2 oz. Incentive. The proposed new incentive appears positioned to encourage volume and offer value to mailers, is within the Postal Service's pricing flexibility, and is largely supported by commenters. The related changes proposed to the MCS will ensure the MCS accurately reflects the availability of the new offering. The Commission encourages the Postal Service to explore whether additional incentives could be developed to mutually benefit mailers and the Postal Service and to use its pricing flexibility accordingly if such opportunities exist.

With respect to the four issues related to the Marriage Mail 2 oz. Incentive raised by N/MA, the Commission notes that it is within the Postal Service's pricing flexibility to determine which price categories are eligible for specific incentives and promotions. See N/MA Comments at 4-6. The Commission also notes that the Postal Service is prohibited from engaging in "undue or unreasonable discrimination among users of the mails." 39 U.S.C. § 403(c). N/MA alleges that failing to extend the incentive to High Density Plus Flats may be discriminatory but does not elaborate as to how the Postal Service's unequal treatment (by not extending the incentive to High Density Plus Flats) would constitute undue or unreasonable discrimination in violation of 39 U.S.C. § 403(c) nor does N/MA aver how failing to extend the incentive would counter the Postal Service's stated objective in offering the incentive. See N/MA Comments at 4-5. The Commission also finds that the Postal Service has adequately explained how it will ensure mailers meet the requirement for 10 separate mailings per rolling 12-month period in the Response to CHIR No. 1, question 16.b. The Commission expects that the Postal Service will charge back the discounts received at the end of the 12-month period if there have not been 10 separate mailings. See Response to CHIR No. 1, question 16.b. The Commission finds it unnecessary to require separate reporting on the Marriage Mail 2 oz. Incentive at this time because the information N/MA seeks (*i.e.*, the total amount of discounts awarded) will be publicly available in information filed with the Commission. See N/MA Comments at 5. With regard to N/MA's request for clarification as to the exact status of the Marriage Mail 2 oz. Incentive, the Commission finds that the proposed incentive is a rate incentive within the definition contained in 39 C.F.R. § 3030.101(i), which defines "rate incentive" as "a discount that is not a workshare discount and that is designed to increase or retain volume, improve the value of mail for mailers, or improve the operations of the Postal Service." 39 C.F.R. § 3030.101(i); see N/MA Comments at 6. The Commission notes that the incentive is not a new product as it has not been introduced pursuant to 39 U.S.C. § 3642 and that the permanency of the incentive's offering is within the Postal Service's discretion.

Move Update Noncompliance Charge removal. The Commission also accepts the proposed changes removing the Move Update Noncompliance Charge from the USPS Marketing Mail MCS. Given that the Move Update Noncompliance Charge is no longer charged under the current verification regime for compliance, the proposed changes will have no substantive effect on mailers but will improve the accuracy of the MCS and better reflect current offerings and fees. The Commission notes that the Postal Service omitted removing the Move Update Noncompliance Charge from MCS § 1230.4 in Attachment A to the Notice. In response to a CHIR, the Postal Service confirmed that the Move Update Noncompliance Charge should also be removed from MCS § 1230.4. Response to CHIR No. 2, question 19; *id.* Attachment A at 66. The Commission denotes the applicable change in legislative format in the Attachment to this Order.

Revised flats pricing structure. With respect to the proposed revised piece and pound pricing structure for USPS Marketing Mail flat-shaped mailpieces, the Commission notes as a preliminary matter that the Postal Service provided no information or explanation for its proposed changes in the Notice. In Order No. 6341, the Commission noted that the Postal Service provided no information or explanation for several proposed changes to the MCS in its initial filing. Order No. 6341 at 106. The Commission referenced a prior order, in which it stated:

the Commission has a strong interest in ensuring that changes to the MCS are made in an accurate and transparent manner, such that it is clear to participants in Commission proceedings, users of the mail, and the Commission, the precise changes the Postal Service is proposing, the likely effects, and the Postal Service's rationale for proposing such changes⁶²

⁶² *Id.* (quoting Docket Nos. CP2022-22 and CP2022-62, Order Granting in Part the United States Postal Service's Motions for Clarification of Order Nos. 6071 and 6195, August 15, 2022, at 8 (Order No. 6249)).

and noted that Docket No. R2023-1 was the second rate adjustment proceeding in a row where the Postal Service proposed MCS changes related to the specific class at issue without explanation in the initial filing.⁶³ The Commission further stated that:

[f]ailing to identify and explain such changes in the notice of rate adjustment not only undermines transparency, but also necessitates the issuance of CHIRs, which add complexity, inefficiency, and delay to a proceeding where the Commission is generally reviewing a significant number of rate and classification changes on an expedited timeline.

Order No. 6341 at 106. The Commission directed that “[i]n future rate adjustment notices, the Postal Service should include information about all proposed changes to the MCS, including detail about the rationale for the changes and their likely effects, or file such changes in a separate proceeding under 39 C.F.R. part 3040.” *Id.* The Commission also stated that:

[s]hould the Postal Service continue to include changes to the MCS in rate adjustment proceedings that are not adequately explained and justified in the notice of rate adjustment, the Commission may require that the classification changes be filed in a separate classification proceeding under 39 C.F.R. part 3040 and may also consider whether further requirements to govern proposed classification changes in rate adjustment proceedings are needed.

Id.

Although the Postal Service generally complied with Order No. 6341’s directive to include detailed information about proposed changes to the MCS in the Notice, the omission of any discussion or acknowledgement of the changed pricing structure was a material oversight. The Commission acknowledges that the Postal Service had previously explained the proposed change to the pricing structure in Docket No. RM2023-4, and for that reason, the Commission had an understanding of the changes that the Postal Service was proposing. However, the Commission reiterates from its

⁶³ Order No. 6341 at 106 (citing Order No. 6188 at 102-05).

discussion in Order No. 6341 that it is critical that proposed MCS changes are transparent, not just to the Commission, but also to participants in Commission proceedings and users of the mail. See Order No. 6341 at 106. The Commission reiterates its direction from Order No. 6341 that proposed changes to the MCS must be explained in detail in future notices of price adjustment, or else the Commission may require the proposed changes to be filed in separate proceedings pursuant to 39 C.F.R. part 3040 or consider whether further requirements to govern classification changes in rate adjustment proceedings are needed.

The Commission also reminds the Postal Service that 39 C.F.R. § 3030.122(d) requires that a notice of price adjustment include “[a] schedule of the planned rate adjustments, including a schedule identifying *every change* to the Mail Classification Schedule that will be necessary to implement the planned rate adjustments.” 39 C.F.R. § 3030.122(d) (emphasis added). Several proposed changes to the MCS were not appropriately identified in Attachment A to the Notice, including, in particular, a substantial number related to the proposed change in pricing structure. Response to CHIR No. 2, question 18. These omissions make the changes proposed by the Postal Service more difficult to understand and create challenges in ensuring the MCS is accurate and properly denotes and incorporates all proposed changes. In future price adjustment filings, the Postal Service must appropriately identify every change proposed to the MCS consistent with 39 C.F.R. § 3030.122(d).

With regard to the MCS changes proposed in this proceeding, the Commission accepts the proposed revised piece and pound pricing structure for USPS Marketing Mail flat-shaped mailpieces and the related changes to the MCS. The MCS changes proposed by the Postal Service reflect the changes to the pricing structure for flat-shaped USPS Marketing Mail proposed by the Postal Service in Docket No. RM2023-4 that are necessary to be in place to calculate workshare discount passthroughs consistently with the methodology approved in Docket No. RM2023-4. See Order No. 6474 at 6-7, 9-13.

The Commission declines to remand the price structure or open a new docket as PostCom requests. See PostCom Comments at 5. PostCom has not provided a basis for finding the proposal or related rates are inconsistent with applicable law as defined in 39 C.F.R. § 3030.126(b) and the Commission is not inclined to open a separate docket to address the rates or MCS changes proposed in this proceeding. If PostCom has concerns about the accuracy of the avoided costs, PostCom can petition for a change in analytical principle to alter how such avoided costs are calculated in the appropriate forum. See *id.* at 4 n.1; 39 C.F.R. § 3050.11(a).

The Commission acknowledges that the revised pricing structure and proposed prices will cause some mailers, particularly those mailing heavyweight flats, to experience above average price increases. See PostCom Comments at 4; Cutrone Comments at 1. However, under the ratemaking system, pricing design is within the scope of the Postal Service's pricing flexibility as long as it is consistent with applicable law. Further, the Governors of the Postal Service have authority to establish prices based on available rate authority and have discretion to select individual prices for products and rate cells that comply with the class-level price cap. 39 U.S.C. § 404(b); Order No. 5763 at 313-14, 315-16. That some rate cells will experience higher increases than others is permitted by the class-level application of the price cap, which allows the Postal Service pricing flexibility to vary the size of rate changes at the class, product, and rate cell levels. Order No. 5763 at 315-16; see 39 U.S.C. § 3622(b)(4), (8). Thus, the fact that some heavyweight flats will experience higher price increases under the revised flats' price structure is within the scope of the Postal Service's pricing flexibility. In addition, as PostCom acknowledges, mailers experiencing price increases due to the change in pricing structure have options to mitigate the effects, including reducing the weight of their mailings or entering the mail at origin. See PostCom Comments at 4.

F. Statutory Preferential Rates

Nonprofit rates are required to yield per-piece revenues that equal, as nearly as practicable, 60 percent of commercial per-piece revenues. 39 U.S.C. § 3626(a)(6)(A). The Postal Service states that it has complied with this requirement in this proceeding. Notice at 38. The Public Representative states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626. PR Comments at 17. No other commenter discusses compliance with 39 U.S.C. § 3626. For the planned prices in this proceeding, the percentage ratio of the nonprofit average revenue per piece to the commercial average revenue per piece is 60.15 percent.⁶⁴ The Commission finds that the revenue per-piece percentage ratio proposed by the Postal Service fulfills the requirement of 39 U.S.C. § 3626(a)(6)(A).

G. Nonprofit Discounts

The Postal Service is required to either equalize or adequately justify all unequal nonprofit and commercial discounts.⁶⁵ The Postal Service states that it is “keeping nonprofit discounts equal to the comparable commercial discounts.” Notice at 38. No commenter challenges the Postal Service’s compliance with this requirement. The Commission finds that the Postal Service’s planned nonprofit discounts comply with this requirement by equalizing comparable nonprofit and commercial discounts.

VII. PERIODICALS

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, classification changes, and statutory preferential rates

⁶⁴ Library Reference PRC-LR-R2023-2-2, Excel file “PRC-CAPCALC-MM-R2023-2.xlsx.”

⁶⁵ See 39 U.S.C. § 403(c); *Nat’l Easter Seal Soc’y for Crippled Child. & Adults v. U.S. Postal Serv.*, 656 F.2d 754 (D.C. Cir. 1981).

applicable to Periodicals. This section also discusses comments related to Periodicals not addressed elsewhere in this Order.

B. Price Adjustment Authority

1. Introduction

The Periodicals class consists of two products: (1) In-County⁶⁶ and (2) Outside County. The planned price increase for Periodicals is, on average, 8.122 percent, which results in no remaining unused price adjustment authority.⁶⁷ Table VII-1 shows the percentage price change for each Periodicals product as calculated by the Commission.

**Table VII-1
Periodicals Price Changes (By Product)**

Periodicals Product	Price Change %
Outside County	8.080
In-County	8.811
Overall	8.122
Source: Library Reference PRC-LR-R2023-2-3, Excel file "PRC-CAPCALC-PER-R2023-2.xlsx."	

⁶⁶ Although the Notice refers to this product as "Within County Periodicals," this product is named In-County Periodicals in the MCS. See Notice, Attachment A at 62.

⁶⁷ As shown in Table II-1, *supra*, the Postal Service has 8.122 percent in available pricing authority. Subtracting the 8.122 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.000 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-2-3, Excel file "PRC-CAPCALC-PER-R2023-2.xlsx."

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. In the Notice, the Postal Service proposes three adjustments to the hybrid year billing determinants for Periodicals. *Id.* at 29. First, the Postal Service separates Science of Agriculture pounds from Regular Advertising pounds in the billing determinants “[i]n order to calculate the change in prices for Science of Agriculture pounds for Zones 3-9.” *Id.* Second, the Postal Service proposes to continue to price bundles in sacks entered at facilities other than a DSCF, sort and distribution center (SDC), or destination delivery unit (DDU) as if they are in Mixed ADC containers. *Id.* at 27. To effectuate this, the Postal Service proposes “to continue moving the bundles volume in sacks presented at Origin, [destination network distribution center (DNDC)], and [destination area distribution center (DADC)] to presort in [Mixed ADC] containers entered at Origin with [the] container fee waived.” *Id.* at 29. Third, the Postal Service states that it “eliminated the entry of sacks containing flats at the [origin sectional center facility (OSCF)], [origin area distribution center (OADC)], [origin network distribution center (ONDC)], DNDC, and DADC” and that “[t]hese entry points will only accept sacks containing parcels.” *Id.* To effectuate this, the Postal Service proposes to remove from the billing determinants the volume of sacks containing flats, “except the sacks volume at DSCF Entry, DDU Entry, and all sacks volume containing parcels.” *Id.*

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative asserts that the planned price adjustments comply with the requirements of the price cap. PR Comments at 9.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Periodicals comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it is proposing to use all of its available rate authority of 8.122 percent for the Periodicals class. Notice at 26. During the proceeding, the Commission found several errors in Library Reference USPS-LR-R2023-2-3, Excel file "USPS-CAPCAL-PER-R2023-2.xlsx" that, when corrected, caused the Postal Service's proposed prices to exceed the available rate authority of 8.122 percent and result in a percentage change in rates for the Periodicals class of 8.168 percent. CHIR No. 1, questions 4-9, 11; Response to CHIR No. 1, questions 4-9, 11. Specifically, these errors included using incorrect current prices in several rate cells, using incorrect volumes in several cells, and using incorrectly calculated current revenue. CHIR No. 1, questions 4-8; Response to CHIR No. 1, questions 4-8.

Because correction of these errors caused the proposed price adjustments for Periodicals as presented in Library Reference USPS-LR-R2023-2-3, Excel file "USPS-CAPCAL-PER-R2023-2.xlsx" to exceed the price cap, the Postal Service filed a revised version of Excel file "USPS-CAPCAL-PER-R2023-2.xlsx" that corrected the errors and reduced the proposed editorial pound price for mailings at "All Other" dropship levels to \$0.205 from \$0.207 and the proposed price for Carrier Route bundles in Mixed ADC containers to \$1.264 from \$1.280.⁶⁸ Reducing the prices for editorial pounds at "All Other" dropship levels and Carrier Route bundles in Mixed ADC containers sufficiently offset the effect of correcting the identified errors, thus bringing the Postal Service's proposed price adjustments within the Postal Service's available price adjustment authority for Periodicals. The Postal Service also filed revised MCS price tables to reflect the proposed price changes for editorial pounds at "All Other" dropship levels and

⁶⁸ Response to CHIR No. 1, question 11; Library Reference USPS-LR-R2023-2-3_rev.4.21.203, Excel file "USPS-CAPCAL-PER-R2023-2.Rev.4.21.xlsx."

Carrier Route bundles in Mixed ADC containers. Response to CHIR No. 1, question 11; *id.* Attachment A at 64, 66. These changes are reflected in the Attachment to this Order.

Reflecting the proposed decreases in the prices for editorial pounds at “All Other” dropship levels and Carrier Route bundles in Mixed ADC containers in the calculation of the percentage change in rates combined with making the necessary corrections to the Periodicals workpapers results in an average price increase for the Periodicals class of 8.122 percent, which is equal to the total available authority of 8.122 percent and results in no unused price adjustment authority available for Periodicals after this proceeding. The Commission also accepts the Postal Service’s adjustments to the billing determinants for Periodicals as reasonable.

However, the Commission must also express its concern about the number of consequential errors contained in Library Reference USPS-LR-R2023-2-3 as initially filed. This is the second rate adjustment proceeding in a row where the prices initially proposed by the Postal Service for the Periodicals class exceeded the amount of available rate adjustment authority due to substantial errors within the filed workpapers. See Order No. 6341 at 69-75. The Commission’s regulations set forth procedures for expedited adjudication of rate adjustment proceedings. 39 C.F.R. § 3030.126. As the Commission stated in Order No. 6341, “such expedited adjudication is dependent on the Postal Service’s initial filing being accurate, complying with the Commission’s regulations, and containing adequate explanations of proposed changes.” Order No. 6341 at 74. The Commission also emphasized that “[o]f particular importance to ensuring timely review of the proposed price adjustments is accurate workpapers that comply with the Commission’s regulations concerning the calculation of the percentage change in rates.” *Id.* The Commission reminds the Postal Service that in providing inaccurate workpapers, “the Postal Service risks delays in the Commission’s review and approval of proposed price adjustments and subsequent delays to the Postal Service’s

ability to implement proposed price adjustments on the timeline previously announced.” *Id.* at 75.

C. Non-Compensatory Products

1. Introduction

In FY 2022, both the In-County and Outside County products did not cover their attributable costs. FY 2022 ACD at 29. As a result, the Periodicals class as a whole was non-compensatory in FY 2022 with a class cost coverage of 61.1 percent. *Id.* In the FY 2022 ACD, the Commission “encourage[d] the Postal Service to continue to maximize its usage of rate authority granted under 39 C.F.R. § 3030.222 and to maximize its revenue by strategically pricing Periodicals.” *Id.* at 36.

2. The Postal Service’s Position

The proposed percentage changes in prices for In-County and Outside County as a result of this proceeding are 8.811 and 8.080 percent, respectively.⁶⁹ The Postal Service acknowledges that the Periodicals class as a whole was non-compensatory in FY 2022 and utilizes the additional 2 percentage points of rate authority available to non-compensatory classes in this proceeding. See Notice at 1, 4. The Postal Service asserts that the price changes utilize five strategies: (1) accepting sacks containing flats only at DSCFs, SDCs, and DDUUs “to improve the operational efficiency for processing of bundles at different presort levels[;]” (2) “[p]ricing bundles in sacks entered at facilities other than DSCF, SDC, and DDU as if they are in Mixed [ADC] containers[;]” (3) “[i]ncreasing editorial pound prices to recapture revenue as the makeup of pounds has shifted from advertising to editorial[;]” (4) “[c]ontinuing to keep prices for tubs lower than prices for sacks to encourage more efficient mail handling[;]” and (5) “[m]aintaining the

⁶⁹ Library Reference PRC-LR-R2023-2-3, Excel file “PRC-CAPCALC-PER-R2023-2.xlsx.”

price differential between basic Carrier Route and Machinable Automation 5-Digit Flats to encourage the preparation of Carrier Route pieces and reduce costs for the Postal Service.” *Id.* at 27.

3. Comments

The Public Representative notes that the Periodicals class received an additional 2 percentage points of rate authority because the Periodicals class as a whole, as well as both products in the class, did not cover costs in FY 2022. PR Comments at 21. He notes that the use of this rate authority is optional and within the Postal Service’s discretion and that the Postal Service has chosen to use all of its available rate authority for Periodicals in this proceeding. *Id.* NNA urges the Commission to revisit the rule “requiring a 2 percent surcharge for mail classes that do not fully cover costs.” NNA Comments at 1. NNA states that the rule “is not achieving the objective of full cost coverage for Periodicals” and that “it is highly unlikely that Periodicals will ever become compensatory.” *Id.* In light of that, the harm to newspapers, and the educational, cultural, scientific, and informational value of Periodicals, NNA argues for elimination of “the surcharge as it applies to newspapers and magazines.” *Id.*

4. Commission Analysis

As described in Section II., *supra*, non-compensatory products cannot have their rates reduced. 39 C.F.R. § 3030.127(b). Because the prices for both In-County and Outside County are increasing as a result of this proceeding, the proposed prices comply with 39 C.F.R. § 3030.127(b). See Notice at 26; Section VII.B., *supra*. The Commission notes that the pricing requirements of 39 C.F.R. § 3030.221 are inapplicable to non-compensatory products in non-compensatory classes and thus are inapplicable to both Periodicals products. The Commission recommends that the Postal Service continue to explore pricing strategies aimed at improving the cost coverage of the Periodicals class.

NNA urges the Commission to revisit the rule “requiring a 2 percent surcharge for mail classes that do not fully cover costs.” NNA Comments at 1. To clarify, 39 C.F.R. § 3030.222(a) grants an additional 2 percentage points of rate authority (and does not require a 2 percent surcharge) for any class of mail where revenue from the class does not cover the attributable cost of the class. 39 C.F.R. § 3030.222(a). The use of this additional rate authority is not required by the regulations and may be used at the Postal Service’s discretion. *Id.* Consistent with 39 C.F.R. § 3030.222(b), the Commission determined the Periodicals class was eligible for this rate authority in Order No. 6472 because the Periodicals class did not cover its attributable costs in FY 2022. Order No. 6472 at 12. In the FY 2022 ACD, the Commission “encourage[d] the Postal Service to continue to maximize its usage of rate authority granted under 39 C.F.R. § 3030.222[,]” and the Postal Service did so in this proceeding. FY 2022 ACD at 36. Thus, revisiting the additional rate authority for Periodicals would be inconsistent with the Commission’s position in the FY 2022 ACD, which was issued just over 2 months ago, that the Postal Service should be fully utilizing this authority for the Periodicals class.

The Commission also notes that ending the additional 2 percentage points of rate authority for non-compensatory classes as NNA suggests would necessitate a rulemaking proceeding and revisions to 39 C.F.R. § 3030.222, which is outside the scope of this price adjustment proceeding. See NNA Comments at 1. Thus, NNA’s arguments about why the rule should be changed are also misplaced in this proceeding. In this proceeding, the Commission’s review is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629, which the proposed price adjustments for Periodicals do, and no commenter alleges otherwise. 39 C.F.R. § 3030.126(b). The Commission also notes that it committed to conducting a review of the Market Dominant ratemaking system 5 years after the rules in 39 C.F.R. part 3030 were implemented, which will be an appropriate forum for NNA to raise its concerns about 39 C.F.R. § 3030.222. See Order No. 5763 at 267.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts.

2. The Postal Service's Position

The Postal Service asserts that all Periodicals workshare discounts comply with 39 C.F.R. part 3030, subpart J. See Notice at 27-28. The Postal Service states that no planned Periodicals workshare discounts exceed their avoided costs. *Id.* at 27. The Postal Service asserts that “[w]hile many Periodicals workshare discounts have passthrough ratios below 100 percent, the Postal Service is bringing all of them into compliance with 39 C.F.R. § 3030.284, either by ensuring that the passthrough ratio is at least 85 percent or by raising the discount by at least 20 percent” *Id.*

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and reflect an improvement in bringing workshare discounts closer to avoided costs. PR Comments at 15. N/MA states that the Postal Service “could have done more to increase workshare discount passthroughs for Within County mail to more efficient levels” and cites the passthroughs for Carrier Route Basic Flats, High Density Flats, and Saturation Flats as examples. N/MA Comments at 4.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount

currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all Periodicals workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. The Postal Service represents that all Periodicals workshare discounts are set below their avoided costs but have been increased by at least 20 percent or are set to result in passthroughs of at least 85 percent. See Notice at 27-28. In accordance with 39 C.F.R. § 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). Another permits a workshare discount set below avoided costs where “[t]he proposed workshare discount is a minimum of 20 percent more than the existing workshare discount.” *Id.* § 3030.284(c). The Commission has confirmed that all Periodicals workshare discounts are permitted under one of the exceptions in 39 C.F.R. § 3030.284.

The Periodicals workshare discounts comply with the requirements of 39 C.F.R. part 3030, subpart J. As a result, the Commission approves the Periodicals workshare discounts proposed in this proceeding. However, the Commission also encourages the Postal Service to use its pricing flexibility to bring workshare discounts that are set substantially below avoided costs closer to avoided costs in future rate adjustment proceedings. See N/MA Comments at 4.

E. Mail Classification Changes

1. Introduction

The Postal Service proposes to remove the zoned pricing from the pound price portion of Outside County Periodicals and proposes changes to the applicable MCS price table to effectuate this change.⁷⁰

2. The Postal Service's Position

In section 1310.6 of the MCS, the Postal Service proposes to remove zones 1-9 from the price table for Outside County Periodicals pound prices and revise the price table to reflect unzoned pound pricing for mailpieces entered at origin. Notice at 40; *id.* Attachment A at 64. The Postal Service states that “[p]reviously, pound prices for Periodicals (regular and Science of Agriculture, both advertising and editorial pages) were zoned when dropshipped at origin.” Notice at 40. The Postal Service explains that “[b]eginning on August 29, 2021, however, the Postal Service set the prices for all zones equal to one another, effectively removing the zones” and that “[r]egardless of destination, periodicals dropshipped at origin pay the same per-pound price.” *Id.* at 41. The Postal Service represents that it made this change in Docket No. R2021-2 to improve Periodicals cost coverage, which it states the Commission approved. *Id.* The Postal Service further represents that “[i]n the two price cases since then, the Postal Service has priced the per-pound portion of the prices for Periodicals dropshipped at origin in the same way, and the Commission has approved.” *Id.* As a result, the Postal

⁷⁰ Notice at 40-42; *id.* Attachment A at 64. In addition, over the course of the proceeding, one instance of a change not made in legislative format in Attachment A to the Notice was identified for the Periodicals class. See CHIR No. 1, question 3. In response to a CHIR, the Postal Service provided the change in legislative format that was incorrectly identified in Attachment A to the Notice. Response to CHIR No. 1, question 3; *id.* Attachment A at 63. That change is reflected in legislative format in the Attachment to this Order. In addition, the Postal Service inadvertently included a rate for Outside County 5-Digit bundles in Carrier Route containers in the applicable price table when no such rate exists. See Notice, Attachment A at 66. The Commission has removed that rate from the price table in the Attachment to this Order.

Service asserts that removing the zoned pricing from the price table for Outside County Periodicals pound prices is a “ministerial change whose substance the Commission has already approved and, other than the change in the listed price, has no effect on mailers.” *Id.* at 41-42.

3. Comments

The Public Representative states that the Postal Service made a sufficient showing under 39 C.F.R. §§ 3040.180-.181 to justify the removal of zoned pricing for pound prices for Outside County Periodicals from the MCS in this proceeding. PR Comments at 23. The Public Representative states that this change will simplify the rate structure for Outside County Periodicals. *Id.* No other commenter raises the proposed MCS changes for the Periodicals class.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS related to the removal of zones 1-9 from the price table for Outside County Periodicals pound prices and the related revisions to the price table to reflect unzoned pound pricing for mailpieces entered at origin. The Commission agrees with the Postal Service’s characterization that its proposed change is “ministerial” in nature due to the fact that Outside County Periodicals have not had differentiated zone pricing for pound prices since August of 2021 and finds that the proposed change will allow the MCS to more clearly reflect the pricing structure for Outside County Periodicals pound prices.

F. Statutory Preferential Rates

1. Introduction

The Periodicals class is accorded several statutory pricing preferences. See 39 U.S.C. § 3626.

2. The Postal Service's Position

The Postal Service states that it has complied with these requirements in this proceeding. Notice at 37.

In-County. 39 U.S.C. § 3626(a)(3) requires that the prices for In-County Periodicals reflect this product's preferred status relative to the prices for regular rate (Outside County) Periodicals. The Postal Service asserts that it continues to recognize the preferential status of In-County Periodicals by setting its prices below those of Outside County Periodicals. *Id.*

Outside County—Nonprofit and Classroom. 39 U.S.C. § 3626(a)(4)(A) requires that Nonprofit and Classroom Periodicals receive, as nearly as practicable, a 5 percent discount from regular rate postage, except for advertising pounds. The Postal Service asserts that, consistent with past practice, it continues this rate preference by giving Nonprofit and Classroom pieces a 5 percent discount on all components of postage, except for advertising pounds and ride-along postage. *Id.*

Outside County—Science of Agriculture Periodicals. 39 U.S.C. § 3626(a)(5) requires that Science of Agriculture Periodicals be given preferential treatment for advertising pounds. The Postal Service states that it will continue to provide these publications with advertising pound prices for DDU, DSCF, and DADC that are 75 percent of the advertising pound prices applicable to regular Outside County Periodicals. *Id.* at 37-38. In addition, the Postal Service proposes that the advertising pound price for Outside County Science of Agriculture Periodicals entered at Origin be set to 75 percent of the rate applicable to regular Outside County Periodicals. *Id.* at 38.

Limited circulation discount. 39 U.S.C. § 3626(g)(4)(C) provides preferential treatment for Outside County pieces of a Periodicals publication with fewer than 5,000 Outside County pieces and at least 1 In-County piece. The Postal Service states that it

is continuing the “limited circulation” discount that provides these pieces with a discount equivalent to the Nonprofit and Classroom discount. *Id.* at 38-39.

3. Comments

The Public Representative states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626. PR Comments at 17. No other commenter discusses compliance with 39 U.S.C. § 3626.

4. Commission Analysis

The planned prices are consistent with the statutory preferences for mail in the Periodicals class. Specifically:

- *In-County.* The average per-piece revenue for In-County is approximately 40.0 percent of the average per-piece revenue for Outside County pieces. This satisfies 39 U.S.C. § 3626(a)(3).
- *Outside County—Nonprofit and Classroom.* Nonprofit and Classroom publications receive a 5 percent discount from regular Outside County piece, bundle, sack, and pallet prices, and editorial pound prices, consistent with 39 U.S.C. § 3626(a)(4)(A).
- *Outside County—Science of Agriculture Periodicals.* Advertising pound prices for Outside County Science of Agriculture Periodicals entered at Origin, DADC, and DSCF are 25 percent less than regular Outside County Periodicals’ rates, consistent with 39 U.S.C. § 3626(a)(5). The Commission notes that setting the advertising pound price for Outside County Science of Agriculture Periodicals entered at the DDU at 75.4 percent of the rate applicable to regular Outside County Periodicals is appropriate because setting that price at exactly 75 percent of regular

Outside County Periodicals' rates is not possible due to the fact that prices are set to three decimal places.

- *Limited circulation discount.* The planned limited circulation discount for qualifying Outside County pieces is 5 percent, consistent with 39 U.S.C. § 3626(g)(4)(C).

G. Other Comments Related to Periodicals

1. Introduction

N/MA and PostCom raise concerns related to costs that have not been addressed elsewhere in this section. N/MA Comments at 3-4; PostCom Comments at 3.

2. Comments

N/MA expresses concern about Periodicals' costs, which N/MA asserts that the Postal Service is unable to control. N/MA Comments at 3. N/MA notes that the Commission has emphasized and explored this issue in recent reports but remains concerned that without the Postal Service being directed to take steps to address costs, "the Postal Service will continue to rely on rate increases, rather than make operational improvements" *Id.* at 3-4. PostCom addresses costs more generally, noting that despite the volume losses, "costs are not proportionately declining," which it asserts warrants further examination. PostCom Comments at 3.

3. Commission Analysis

As a preliminary matter, the Commission notes that Periodicals' costs (and the costs related to other Market Dominant products and classes) are outside the scope of this proceeding. In this proceeding, the Commission's review is limited to ensuring the proposed prices comply with the requirements of 39 C.F.R. part 3030, Commission

directives and orders, and 39 U.S.C. §§ 3626, 3627, and 3629, which the proposed price adjustments for Periodicals do, and no commenter alleges otherwise. 39 C.F.R. § 3030.126(b). The Commission does review the issues related to costs for Periodicals (and other Market Dominant mail) annually in the Annual Compliance Review proceeding, in which N/MA, PostCom, and other interested parties are invited to participate. See, e.g., FY 2022 ACD at 29-31, 33-36. That proceeding is a more appropriate forum for stakeholders to raise concerns about Periodicals' or other Market Dominant classes' or products' costs and to suggest potential remedial action for the Commission's consideration. In the FY 2022 ACD, the Commission reiterated "its longstanding findings that despite numerous cost-reduction initiatives designed to reduce flat-shaped mail costs, including Periodicals costs, these costs have risen over time." *Id.* at 36. The Commission found that the Postal Service should "monitor its costs and develop a plan to further reduce Periodicals costs." *Id.* As N/MA recognizes, the Commission also recently considered and analyzed cost issues related to flats, including Periodicals, in the Flats Operations Study Report.⁷¹ The Commission shares N/MA's concerns about Periodicals' costs and continues to encourage the Postal Service to take steps to address them.

VIII. PACKAGE SERVICES

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, workshare discounts, classification changes, and statutory preferential rates applicable to Package Services.

⁷¹ Docket No. SS2022-1, *Flats Operations Study Report*, April 6, 2023, available at https://www.prc.gov/sites/default/files/reports/Flats%20Operations%20Study%20Report_2023.pdf, N/MA Comments at 3-4. Section 206(b) of the PSRA requires that the Postal Service to develop, obtain the Commission's approval of, allow for public comment on, and implement a plan to remedy the inefficiencies identified the Commission's report. PSRA § 206(b).

B. Price Adjustment Authority

1. Introduction

The Package Services class consists of four products: (1) Alaska Bypass Service; (2) BPM Flats; (3) BPM Parcels; and (4) Media Mail/Library Mail. The planned price increase for Package Services is, on average, 5.379 percent, which results in 0.002 percent remaining unused price adjustment authority.⁷² Table VIII-1 shows the percentage price change for each Package Services product as calculated by the Commission.

⁷² As shown in Table II-1, *supra*, the Postal Service has 5.381 percent in available pricing authority. Subtracting the 5.379 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.002 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-2-4, Excel file "PRC-CAPCALC-PACKSERV-R2023-2.xlsx."

Table VIII-1
Package Services Price Changes (By Product)

Package Services Product	Price Change %
Alaska Bypass Service	4.591
BPM Flats	3.537
BPM Parcels	3.468
Media Mail/Library Mail	7.380
Overall	5.379
Source: Library Reference PRC-LR-R2023-2-4, Excel file "PRC-CAPCALC-PACKSERV-R2023-2.xlsx."	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes no adjustments to the hybrid year billing determinants for Package Services. See *id.* at 32.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative states that the planned price adjustments comply with the requirements of the price cap. PR Comments at 10.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Package Services comply with the price cap limitations specified by 39 C.F.R. part 3030. The Postal Service's planned price adjustment of 5.379 percent is less than the total available authority of 5.381 percent; therefore, the total unused price adjustment authority available for Package Services after this proceeding is 0.002 percent.

C. Non-Compensatory Products

1. Introduction

In FY 2022, Media Mail/Library Mail was the only Package Services product that did not cover its attributable costs. FY 2022 ACD at 57. Media Mail/Library Mail had a cost coverage of 91.3 percent. *Id.* In the FY 2022 ACD, the Commission reminded the Postal Service that “under 39 C.F.R. § 3030.221, the Postal Service must increase the prices of Media Mail/Library Mail by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting Package Services through the issuance of the FY 2023 ACD.” *Id.* at 61.

2. The Postal Service’s Position

The Postal Service acknowledges that the Commission found that the Media Mail/Library Mail product did not cover its costs in FY 2022 and that it is required by 39 C.F.R. § 3030.221 to raise rates for this product by at least 2 percentage points above the class average. Notice at 30. The Postal Service proposes an above-average increase of 7.38 percent for Media Mail/Library Mail. *Id.* The Postal Service states that that this rate increase should improve Media Mail/Library Mail’s cost coverage. *Id.*

3. Comments

The Public Representative states that the proposed price increase for Media Mail/Library Mail complies with 39 C.F.R. § 3030.221. PR Comments at 20. No other commenters raise issues pertaining to Media Mail/Library Mail’s status as a non-compensatory product.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced

for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class.⁷³

In this price adjustment, the Postal Service has proposed a price increase for Media Mail/Library Mail of 7.380 percent, which is more than 2 percentage points above the Package Services class average increase of 5.379 percent. Notice at 30. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221.

D. Workshare Discounts

1. Introduction

As described in Section II., *supra*, the rules in 39 C.F.R. part 3030, subpart J govern the pricing requirements for workshare discounts.

2. The Postal Service's Position

In the Notice, the Postal Service separately addresses the four workshare discounts that currently have passthroughs that fall below 85 percent or are over 100 percent. *Id.* at 31-32. The Postal Service states that the passthrough for presorted BPM Flats dropshipped at the DDU was 70.6 percent. *Id.* at 31. The Postal Service proposes a discount of \$0.986 from Origin entry, which will result in a new passthrough of 84.6 percent. *Id.* The Postal Service asserts that this is an increase of 20 percent from the last rate change, which complies with 39 C.F.R. § 3030.284(c). *Id.* For presorted BPM Parcels dropshipped at the DDU, the Postal Service proposes that the discount from Origin entry will be \$0.991, an increase of 18.1 percent from \$0.839. *Id.* With this increase, the new passthrough will be 85.1 percent. *Id.*

⁷³ 39 C.F.R. § 3030.127(b); *id.* § 3030.221. See FY 2022 ACD at 61.

The current passthroughs for Media Mail Basic presort and Library Mail Basic presort are 117.3 percent and 112.2 percent, respectively. *Id.* at 31-32. The Postal Services proposes to decrease the Media Mail Basic presort discount from \$0.23 to \$0.19, a 17.4 percent decrease. *Id.* at 31. As a result, the passthrough will be reduced from 117.3 percent to 96.9 percent. *Id.* Additionally, the Postal Service proposes decreasing the Library Mail Basic presort discount from \$0.22 to \$0.18, an 18.2 percent decrease. *Id.* at 32. As a result, the passthrough will be reduced from 112.2 percent to 91.8 percent. *Id.* The Postal Service asserts that “[a]ll other passthroughs [for the Package Services class] will be between 85 and 100 percent following this rate change and therefore in compliance with 39 C.F.R. § 3030.284(e).” *Id.*

3. Comments

The Public Representative states that the proposed workshare discounts comply with 39 C.F.R. part 3030, subpart J and represent an improvement toward the Commission’s goal of increasing adherence to efficient component pricing principles. PR Comments at 16. No other commenter raises the proposed workshare discounts for the Package Services class.

4. Commission Analysis

In accordance with 39 C.F.R. § 3030.282, if a workshare discount is currently equal to the cost avoided by the Postal Service, the size of the discount cannot be changed; if a workshare discount currently exceeds the cost avoided by the Postal Service, then the size of the discount cannot be increased; and if a workshare discount currently is less than the cost avoided by the Postal Service, then the size of the discount cannot be decreased. 39 C.F.R. § 3030.282. The Commission has verified that all Package Services workshare discounts proposed in this proceeding comply with 39 C.F.R. § 3030.282.

The regulations also provide specific limitations on how workshare discounts that do not equal avoided costs can be set. Three Package Services workshare discounts are proposed to equal their avoided costs and thus will have passthroughs of 100 percent.⁷⁴ Nine Package Services workshare discounts are set below avoided costs.⁷⁵ In accordance with 39 C.F.R. 3030.284, “[n]o proposal to adjust a rate may set a workshare discount that would be below the cost avoided by the Postal Service for not providing the applicable service” unless one of several exceptions applies. 39 C.F.R. § 3030.284(a). One of the exceptions permits workshare discounts where “[t]he percentage passthrough for the proposed workshare discount is at least 85 percent.” *Id.* § 3030.284(e). Another permits a workshare discount set below avoided costs where “[t]he proposed workshare discount is a minimum of 20 percent more than the existing workshare discount.” *Id.* § 3030.284(c). The Commission has confirmed that the nine Package Services workshare discounts set below avoided costs are permitted under one of the exceptions in 39 C.F.R. § 3030.284.

E. Mail Classification Changes

1. Introduction

The Postal Service proposes to remove the zoned prices for Carrier Route and Presorted BPM Parcels and BPM Flats that are dropshipped at origin and the network distribution center (NDC), and the zoned prices for Nonpresorted per-piece prices for

⁷⁴ Notice, Attachment B, Excel file “Attachment B R2023-2.xlsx,” tabs “Bound Printed Matter Flats” and “Bound Printed Matter Parcels.”

⁷⁵ Notice, Attachment B, Excel file “Attachment B R2023-2.xlsx,” tabs “Media Mail & Library Mail,” “Bound Printed Matter Flats,” and “Bound Printed Matter Parcels.”

BPM Parcels and BPM Flats. Notice at 42. The Postal Service proposes changes to the MCS price tables to effectuate these changes.⁷⁶

2. The Postal Service's Position

In sections 1415.6 and 1420.6 of the MCS, the Postal Service proposes to remove zoned pricing for Carrier Route and Presorted BPM Parcels and BPM Flats that are dropshipped at origin and at the NDC, and zoned pricing for Nonpresorted per-piece prices for BPM Parcels and BPM Flats. Notice at 42. The Postal Service asserts that, “[b]eginning on August 29, 2021 for BPM Flats and July 10, 2022, for BPM Parcels, the Postal Service effectively removed these zones, setting all of the zoned per-piece and per-pound prices equal.” *Id.* The Postal Service represents that it made these changes to zoned prices in Docket No. R2021-2 and Docket No. R2022-1, and that the Commission subsequently approved. *Id.* The Postal Service asserts that it uses zone-based pricing for its Competitive products to maintain parity with competitors, but that it “removed zones from its market-dominant Package Services offerings to simplify pricing.” *Id.* The Postal Service states that in Docket No. R2023-1, it “set the per-piece and per-pound prices for Carrier Route and Presorted Parcels and Flats and per-piece prices for Nonpresorted Bound Printed Matter Parcels and Flats dropshipped at origin and at the NDC in the same way, and the Commission again approved.”⁷⁷ As a result, the Postal Service asserts that removing zoned pricing from the applicable price tables

⁷⁶ *Id.*; *id.* Attachment A at 70-72, 74-76. In addition, over the course of the proceeding, one instance of a change not made in legislative format in Attachment A to the Notice was identified for the Package Services class. See CHIR No. 2, question 13. In response to a CHIR, the Postal Service provided the change in legislative format that was incorrectly identified in Attachment A to the Notice. Response to CHIR No. 2, question 13; *id.* Attachment A at 72. That change is reflected in legislative format in the Attachment to this Order.

⁷⁷ *Id.*; see Docket No. R2023-1, Notice, Attachment A at 108-10, 114-16; Order No. 6341, Attachment at 61-66.

is a “ministerial change whose substance the Commission has already approved and, other than the change in listed price, has no effect on mailers.” *Id.* at 43.

3. Comments

The Public Representative states that the Postal Service effectively removed zoned pricing in Docket Nos. R2021-2 and R2022-1, and that this change would simplify the rate structure for BPM Flats and Parcels. PR Comments at 23. The Public Representative states that the Postal Service has made a sufficient showing under 39 C.F.R. §§ 3040.180-.181 to justify this proposed revision to the MCS. *Id.* No other commenter raises the proposed MCS changes for the Package Services class.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS related to the removal of zoned pricing for Carrier Route and Presorted BPM Parcels and BPM Flats that are dropshipped at origin and at the NDC, and for Nonpresorted per-piece prices for BPM Parcels and BPM Flats. The Commission has confirmed that the Postal Service set zoned prices as it represents in both Docket No. R2021-2 and Docket No. R2022-1, and that it set all zoned prices equally in the last Market Dominant rate case, Docket No. R2023-1, which the Commission approved. See Order No. 6341; *id.* Attachment at 61-66. Accordingly, the Commission agrees that these changes are “ministerial” and finds that the proposed changes will allow the MCS to more clearly reflect the pricing structure for BPM Parcels and BPM Flats.

F. Statutory Preferential Rates

The Postal Service is required to set prices for Library Mail as nearly as practicable to 95 percent of Media Mail prices. See 39 U.S.C. § 3626(a)(7). The Postal Service explains that it satisfies this requirement by setting each Library Mail price element equal to 95 percent of its corresponding Media Mail price element. Notice

at 38. The Public Representative states that the Postal Service fulfills the requirements of 39 U.S.C. § 3626. PR Comments at 17. No other commenter discusses compliance with 39 U.S.C. § 3626. The Commission finds that the prices for Media Mail and Library Mail comply with 39 U.S.C. § 3626(a)(7) because Library Mail prices are set as nearly as practicable to 95 percent of the corresponding Media Mail prices.

IX. SPECIAL SERVICES

A. Introduction

This section discusses the price adjustment authority, non-compensatory products, and classification changes applicable to Special Services.

B. Price Adjustment Authority

1. Introduction

Special Services consists of nine products: (1) Ancillary Services; (2) International Ancillary Services; (3) Address Management Services; (4) Caller Service; (5) Credit Card Authentication; (6) International Business Reply Mail Service; (7) Money Orders; (8) Post Office Box Service; and (9) Stamp Fulfillment Services.⁷⁸ The planned price increase for Special Services is, on average, 5.232 percent, which results in 0.210 percent remaining unused price adjustment authority.⁷⁹ Table IX-1 shows the percentage price change for each Special Services product as calculated by the Commission.

⁷⁸ The Commission also notes that International Reply Coupon Service is considered a Special Services product but that it is not generally implicated in Market Dominant rate adjustment proceedings.

⁷⁹ As shown in Table II-1, *supra*, the Postal Service has 5.442 percent in available pricing authority. Subtracting the 5.232 percent that the Postal Service is using in this proceeding from its available pricing authority results in 0.210 percent remaining as unused price adjustment authority. See Library Reference PRC-LR-R2023-2-5, Excel file "R2023-2 Special Services CapCalc.xlsx."

Table IX-1
Special Services Price Changes (By Product)

Special Services Product	Percent Change %
Ancillary Services*	4.566
International Ancillary Services	6.306
Address Management Services	3.477
Caller Service	7.357
Credit Card Authentication	0.000
International Business Reply Mail Service	5.865
Money Orders	15.696
Post Office Box Service	4.200
Stamp Fulfillment Services	5.447
Overall	5.232
<p>* See Library Reference PRC-LR-R2023-2-5 for the entire list of Ancillary Services and their respective price changes.</p> <p>Source: Library Reference PRC-LR-R2023-2-5, Excel file "R2023-2 Special Services CapCalc.xlsx."</p>	

2. The Postal Service's Position

The Postal Service asserts that it complied with the applicable price cap requirements. See Notice at 4-5. The Postal Service proposes three adjustments to the hybrid year billing determinants for Special Services. *Id.* at 33-34. First, the Postal Service adjusts the billing determinants to reflect that Certified Mail and Certificates of

Mailing will not be available for USPS Ground Advantage.⁸⁰ Second, the Postal Service adjusts the billing determinants for Insurance to reflect that USPS Ground Advantage and USPS Ground Advantage Returns will have \$100 of included insurance as a standard feature. Notice at 33. Third, the Postal Service adjusts the billing determinants for Registered Mail to reflect that the price for mailpieces with a declared value greater than \$50,000 will now be capped at the \$50,000 price. *Id.* at 33-34. This change to Registered Mail is discussed in Section IX.D., *infra*.

3. Comments

No commenter disputes that the proposed price adjustments comply with the price cap. The Public Representative states that the planned price adjustments comply with the requirements of the price cap. PR Comments at 10.

4. Commission Analysis

The Commission finds that the Postal Service's price adjustments for Special Services comply with the price cap limitations specified by 39 C.F.R. part 3030. In the Notice, the Postal Service states that it uses 5.429 percent of its available pricing authority for Special Services and that the total unused price adjustment authority available for Special Services after this proceeding is 0.013 percent. Notice at 5, 6. During the proceeding, the Commission found several errors in Library Reference USPS-LR-R2023-2-5_Rev.4.17, Excel file "R2023-2 Special Service CapCalcRev.4.17.xlsb" that, when corrected, altered the overall percentage change in

⁸⁰ *Id.* at 33. For more information about proposed price and classification changes related to USPS Ground Advantage, see Docket Nos. CP2023-113 and CP2023-144, which are currently pending before the Commission. See Docket Nos. CP2023-113 and CP2023-114, Notice and Order Concerning Changes in Rates and Classifications of General Applicability for First-Class Package Service and Parcel Select, February 15, 2023 (Order No. 6442). See *also* Docket Nos. MC2022-81 and MC2022-82, Order Removing USPS Retail Ground from the Competitive Product List and Approving Competitive Classification Changes to First-Class Package Service and Parcel Select, October 28, 2022 (Order No. 6318).

rates for Special Services, the amount of total unused price rate authority for Special Services, and the percentage change in rates for the Ancillary Services product.⁸¹ Specifically, these errors included incorrect volumes, incorrectly calculated revenue, formula errors, and the need for revisions to the adjustments to the billing determinants related to the changes to Certified Mail, Certificates of Mailing, and Insurance for USPS Ground Advantage volumes. *Id.* Correcting for these errors, the Commission calculates the Postal Service's planned price adjustments for the Special Services class to be 5.232 percent, which is less than the total available authority of 5.442 percent and results in total unused price adjustment authority available for Special Services after this proceeding of 0.210 percent.⁸²

The Commission notes that the Postal Service is adding unused rate adjustment authority for the Special Services class as a result of this proceeding. Because the Retirement Obligation Rate Authority of 39 C.F.R. part 3030, subpart E cannot be used to generate unused rate adjustment authority pursuant to 39 C.F.R. § 3030.181(c)(5), 39 C.F.R. § 3030.242(b) states that "unused rate adjustment authority cannot exceed the unused portion of rate authority calculated pursuant to subparts C and D . . . [of 39 C.F.R. part 3030] and [39 C.F.R.] § 3030.222." 39 C.F.R. § 3030.242(b). Of the 0.210 percent in total unused rate adjustment authority available for Special Services after this proceeding, 0.146 percent is the result of authority derived from this proceeding. Because 0.146 percent is less than the rate authority available pursuant to subparts C and D of 39 C.F.R. part 3030 and 39 C.F.R. § 3030.222, the Special Services class complies with 39 C.F.R. § 3030.242(b). In addition, the Commission accepts the Postal Service's adjustments to the billing determinants for Special Services as reasonable.

⁸¹ CHIR No. 2, questions 7, 9-12; Response to CHIR No. 2, questions 7, 9-12; CHIR No. 3, question 1; Response to CHIR No. 3, question 1; Library Reference USPS-LR-R2023-2-5_rev.4.26, Excel file "R2023-2 Special Services CapCalc.Rev.4.26.xlsb."

⁸² Additionally, as a result of these corrections, the Commission calculates that the percentage change in rates for the Ancillary Services product is reduced from 4.851 percent to 4.566 percent.

However, the Commission must also express its concern about the number of consequential errors contained in Library Reference USPS-LR-R2023-2-5 as initially filed. The Commission's regulations set forth procedures for expedited adjudication of rate adjustment proceedings. 39 C.F.R. § 3030.126. As the Commission stated in Order No. 6341, "such expedited adjudication is dependent on the Postal Service's initial filing being accurate, complying with the Commission's regulations, and containing adequate explanations of proposed changes." Order No. 6341 at 74. The Commission also emphasized that "[o]f particular importance to ensuring timely review of the proposed price adjustments is accurate workpapers that comply with the Commission's regulations concerning the calculation of the percentage change in rates." *Id.* The Commission reminds the Postal Service that in providing inaccurate workpapers, "the Postal Service risks delays in the Commission's review and approval of proposed price adjustments and subsequent delays to the Postal Service's ability to implement proposed price adjustments on the timeline previously announced." *Id.* at 75.

C. Non-Compensatory Products

1. Introduction

In FY 2022, Money Orders was the only Special Services product that did not cover its attributable costs. FY 2022 ACD at 62. In FY 2022, it had a cost coverage of 99.2 percent. *Id.* In the FY 2022 ACD, the Commission reminded the Postal Service that "under 39 C.F.R. § 3030.221, the Postal Service must increase the price of Money Orders by at least 2 percentage points above the class average in each Market Dominant rate adjustment affecting the Special Services class through the issuance of the FY 2023 ACD." *Id.* at 64.

2. The Postal Service's Position

The Postal Service acknowledges that the Commission found that the Money Orders product did not cover its costs in FY 2022 and that it is required by 39 C.F.R. § 3030.221 to raise rates for this product by at least 2 percentage points above the class average. Notice at 33. The proposed percentage change in prices for Money Orders as a result of this proceeding is 15.696 percent. *Id.* at 32. The Postal Service states that the proposed price increase for Money Orders “amply complies” with the FY 2022 ACD. *Id.* at 33.

3. Comments

The Public Representative states that the proposed price increase for Money Orders complies with 39 C.F.R. § 3030.221. PR Comments at 21. No other commenters raise issues pertaining to Money Orders' status as a non-compensatory product.

4. Commission Analysis

As described in Section II., *supra*, there are two regulatory requirements specific to non-compensatory products in compensatory classes: (1) rates may not be reduced for non-compensatory products; and (2) rates for each non-compensatory product must increase by a minimum of 2 percentage points above the average percentage increase for its compensatory class.⁸³

In this price adjustment, the Postal Service has proposed a price increase for the Money Orders product of 15.696 percent, which is more than 2 percentage points above the Special Services class average increase of 5.232 percent. Notice at 32; Section

⁸³ 39 C.F.R. § 3030.127(b); *id.* § 3030.221. See FY 2022 ACD at 64.

IX.B., *supra*. This is consistent with the requirements of 39 C.F.R. § 3030.127(b) and 39 C.F.R. § 3030.221.

D. Mail Classification Changes

1. Introduction

The Postal Service proposes two substantive changes to Special Services in the MCS: (1) alterations to the pricing table for Registered Mail within the Ancillary Services product and (2) the removal of Customized Address as a price category within the Caller Service product.

2. The Postal Service's Position

With respect to the alterations to the pricing table for Registered Mail within the Ancillary Services product, the Postal Service states it “is making some ministerial changes to, and is changing one price cell in, the Registered Mail rate chart in MCS §1505.12.2.”⁸⁴ The Postal Service represents that “[a]ltogether, the effect of these minor changes on mailers will be to eliminate confusion and to simplify pricing without otherwise changing Registered Mail.” Notice at 43. The Postal Service explains that the changes “clarify that indemnity claims for loss, damage, or missing contents are capped at \$50,000, regardless of an item’s declared value.” *Id.* The Postal Service states that “[t]hese changes do not change the current indemnity policy, which has always limited reimbursement to \$50,000; mailers are still required to declare an item’s full value; and items with declared value of more than \$50,000 can still be mailed with Registered Mail.” *Id.* The Postal Service asserts that the current pricing table “has arguably invited confusion and misinterpretation because it includes handling fees graduated by an item’s value, both for items with declared values from \$5,000 to

⁸⁴ Notice at 43; *id.* Attachment A at 104; Response to CHIR No. 2, question 4; *id.* Attachment A at 104.

\$50,000 and for items with declared values over \$50,000[.]" the latter of which "could be misinterpreted to imply insurance coverage for items over \$50,000" *Id.* at 43-44. The Postal Service states that its proposal eliminates graduated handling fees for items valued over \$50,000 and replaces them with a combined flat handling and insurance fee. *Id.* at 44.

With respect to the removal of Customized Address as a price category within the Caller Service product, the Postal Service states that it "originally intended to charge a price for this service as part of the [Docket No.] R2022-1 price change" because prior to this price change, "some mailers received this service through local sales contacts and local Address Management System offices." *Id.* However, when the Postal Service attempted to implement the price change, the Postal Service states that "it became apparent that the Postal Service had no administrable way to verify addresses created under the Customized Address service or charge for this service on the national level[.]" and the Postal Service experienced "a lack of customer interest in paying for the service." *Id.* As a result of this, the Postal Service states that "[t]his price category never came to fruition" and thus in Docket No. R2023-1, the Postal Service set the price of Customized Address to \$0.00. *Id.*; Response to CHIR No. 2, question 5.a. In this proceeding, the Postal Service plans to remove Customized Address from the MCS, which it characterizes as a "ministerial change whose substance the Commission has already approved" that "has no effect on mailers." Notice at 44-45.

The Postal Service views the change as "ministerial" because "there has never been any volume, revenue, or customer base for this price category" and "the change recognizes the fact that this price category simply is not in use." Response to CHIR No. 2, question 5.a. The Postal Service explains that removing this price category from the MCS "is merely de facto recognition that there is no volume, no customer base, and no revenue in this price category" and therefore it asserts that the change is non-substantive. *Id.* The Postal Service views the Commission as previously approving of

the substance of the change because the Commission approved setting the price at \$0.00 in Docket No. R2023-1 “with no volume, revenue, or usage of this price category.” *Id.* question 5.b. The Postal Service states that “the proposal to remove it from the [MCS] simply represents the logical next step as a matter of administrative cleanup.” *Id.* The Postal Service explains that the removal will have no impact on mailers because the price category has never had volume and “[t]here have been no requests from mailers for this offering since it became a new price category in Docket No. R2022-1.” *Id.* question 5.c. The Postal Service asserts that “[i]f no mailers are availing themselves of this price category, then there is no practical impact from removing it.” *Id.*

3. Comments

The Public Representative states that the Postal Service made a sufficient showing under 39 C.F.R. §§ 3040.180-.181 to justify the changes proposed to the price table for Registered Mail in this proceeding. PR Comments at 24. The Public Representative concurs with the Postal Service that the proposed changes will simplify the rate structure for Registered Mail and reduce potential confusion with respect to insurance coverage. *Id.* The Public Representative also finds that the Postal Service made a sufficient showing under 39 C.F.R. §§ 3040.180-.181 to justify the discontinuance of Customized Address in this proceeding. *Id.* at 25. No other commenter addresses the planned mail classification changes for the Special Services class.

4. Commission Analysis

The Commission accepts the proposed changes to the MCS with respect to the alterations to the price table for Registered Mail within the Ancillary Services product. While the text of MCS § 1505.12.1 is clear that “[t]he amount of indemnity depends upon the actual value of the article at the time of mailing, up to a maximum of \$50,000.00” and “[a]rticles with a declared value of more than \$50,000.00 can be

registered, but compensation for loss, damage, or missing contents is limited to \$50,000.00[.]” the price table as currently structured is unclear as to whether items with a declared value over \$50,000 can be insured above \$50,000. Notice, Attachment A at 103-04. The alterations the Postal Service proposes to the Registered Mail price table, including a table note, clarify that although customers must declare the full value of items, insurance coverage for loss, damage, or missing contents is limited to \$50,000.⁸⁵ The Commission notes that the Postal Service did not indicate the new table note was a change to the MCS in Attachment A to the Notice. Notice, Attachment A at 104. In response to a CHIR, the Postal Service provided the change in legislative format that was incorrectly identified in Attachment A to the Notice. Response to CHIR No. 2, question 2; *id.* Attachment A at 104. This change is presented in legislative format in the Attachment to this Order.

The Commission also accepts the proposed changes to the MCS with respect to the removal of Customized Address as a price category within the Caller Service product. Given the Postal Service’s representations that there has been no mailer interest in this price category and the fact that there has been no volume, revenue, or customers for this price category since it was added in Docket No. R2022-1, the Commission agrees with the Postal Service’s assessment that the removal of Customized Address reflects recognition that the price category is not and never has been in use and therefore its removal is “ministerial” in nature and will not impact mailers. Response to CHIR No. 2, question 5.a., c. Thus, the Commission finds that the MCS changes proposed related to the removal of the Customized Address price category will improve the accuracy and clarity of the MCS and better reflect current offerings by removing a price category that has never been used and for which there appears to be no customer base.

⁸⁵ *Id.* at 104; Response to CHIR No. 2, question 2; *id.* Attachment A at 104.

X. ORDERING PARAGRAPHS

It is ordered:

1. The Commission finds that the Postal Service's planned price adjustments relating to First-Class Mail are consistent with applicable law and may take effect as planned.
2. The Commission finds that the Postal Service's planned price adjustments relating to USPS Marketing Mail are consistent with applicable law and may take effect as planned.
3. The Commission finds that the Postal Service's planned price adjustments relating to Periodicals are consistent with applicable law and may take effect as planned.
4. The Commission finds that the Postal Service's planned price adjustments relating to Package Services are consistent with applicable law and may take effect as planned.
5. The Commission finds that the Postal Service's planned price adjustments relating to Special Services are consistent with applicable law and may take effect as planned.
6. Revisions to the Mail Classification Schedule appear below the signature of this Order. Except as identified in Section V.D. of this Order, the promotions-related revisions in sections 1105, 1110, 1115, 1205, 1210, 1215, 1220, and 1225 of the Mail Classification Schedule are effective January 1, 2024. All other revisions are effective July 9, 2023.

7. The Commission directs the Postal Service to conduct an investigation into the source(s) of the issues with the accuracy and completeness of its initial filing identified in the body of this Order and to file, no later than July 31, 2023, a report with the results of its investigation and its plan to correct the issues identified in this proceeding in future rate adjustment proceedings.

By the Commission.

Erica A. Barker
Secretary

CHANGES TO THE MAIL CLASSIFICATION SCHEDULE

The following material represents a change to the Mail Classification Schedule. The Commission uses two main conventions when making changes to the Mail Classification Schedule. New text is underlined. Deleted text is struck through.

*First-Class Mail
Single-Piece Letters/Postcards***1100 First-Class Mail**

1105 Single-Piece Letters/Postcards

1105.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Reply Mail IMbA Promotion (July 1, 2023 2024 to December 31, 2023 2024)

1105.5 Prices*Single-Piece Machinable Stamped Letters^{1, 2, 3}*

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.66</u>
2	<u>0.90</u>
3	<u>1.14</u>
3.5	<u>1.38</u>

Single-Piece Machinable Metered Letters

Maximum Weight (ounces)	Machinable Letters (\$)
1	<u>0.63</u>
2	<u>0.87</u>
3	<u>1.11</u>
3.5	<u>1.35</u>

*First-Class Mail
Single-Piece Letters/Postcards**Single-Piece Nonmachinable Stamped Letters¹*

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>1.06</u>
2	<u>1.30</u>
3	<u>1.54</u>
3.5	<u>1.78</u>

Single-Piece Nonmachinable Metered Letters

Maximum Weight (ounces)	Nonmachinable Letters (\$)
1	<u>1.03</u>
2	<u>1.27</u>
3	<u>1.51</u>
3.5	<u>1.75</u>

Single-Piece QBRM Letters

Maximum Weight (ounces)	QBRM Letters (\$)
3.5	<u>0.639</u>

First-Class Mail
Single-Piece Letters/Postcards*Single-Piece Residual Machinable Letters*

Maximum Weight (ounces)	Residual Machinable Letters (\$)
1	<u>0.66</u> ¹
2	<u>0.66</u> ¹
3	<u>0.66</u> ¹
3.5	<u>0.66</u> ¹

Single-Piece Postcards^{1,2}

Maximum Weight (ounces)	Postcards (\$)	Single-Piece Double Card (\$)
not applicable	<u>0.51</u>	<u>1.02</u>

Single-Piece QBRM Postcards

Maximum Weight (ounces)	QBRM Postcards (\$)
not applicable	<u>0.489</u>

Share Mail Letters and Postcards^{1,2}

Maximum Weight (ounces)	Share Mail Letters (\$)	Share Mail Postcards (\$)
1	<u>0.70</u>	<u>0.55</u>

*First-Class Mail
Single-Piece Letters/Postcards*

*Reply Mail IMbA Promotion (July 1, 2023 2024 to December 31, 2023
2024)*

Provide a three percent discount for mailers that use static IMbA on the qualifying postage for First-Class Mail single-piece QBRM letters and postcards sent during the established period. Mailers receive a six percent discount if they use serialized IMbA. Mailers must enroll to participate.

*First-Class Mail
Presorted Letters/Postcards***1110 Presorted Letters/Postcards**

1110.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)
- Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (~~May 1, 2023 to November 30, 2023~~)
- Personalized Color Transpromo Promotion (February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)
- Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)
- ~~Reply Mail IMbA Promotion (July 1, 2023 to December 31, 2023)~~
- Retargeting Mail Promotion (September 1, ~~2023~~ 2024 to November 30, ~~2023~~ 2024)

1110.5 Prices*Automation Letters*

Maximum Weight (ounces)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
1	<u>0.498</u>	<u>0.537</u>	<u>0.561</u>
2	<u>0.498</u>	<u>0.537</u>	<u>0.561</u>
3	<u>0.498</u>	<u>0.537</u>	<u>0.561</u>
3.5	<u>0.498</u>	<u>0.537</u>	<u>0.561</u>

First-Class Mail
Presorted Letters/Postcards*Nonautomation Presorted Machinable Letters*

Maximum Weight (ounces)	AADC (\$)	Mixed AADC (\$)
1	<u>0.543</u>	<u>0.576</u>
2	<u>0.543</u>	<u>0.576</u>
3	<u>0.543</u>	<u>0.576</u>
3.5	<u>0.543</u>	<u>0.576</u>

Nonmachinable Letters

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	Mixed ADC (\$)
1	<u>0.666</u>	<u>0.773</u>	<u>0.893</u>
2	<u>0.666</u>	<u>0.773</u>	<u>0.893</u>
3	<u>0.666</u>	<u>0.773</u>	<u>0.893</u>
3.5	<u>0.666</u>	<u>0.773</u>	<u>0.893</u>

Automation Postcards

Maximum Weight (ounces)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
not applicable	<u>0.355</u>	<u>0.376</u>	<u>0.388</u>

Nonautomation Presorted Machinable Postcards

Maximum Weight (ounces)	Presorted (\$)
not applicable	<u>0.404</u>

*First-Class Mail
Presorted Letters/Postcards*

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 2024 to July 31, 2023 2024)*

Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

Personalized Color Transpromo Promotion (February 1, 2023 2024 to July 31, 2023 2024)

Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

~~Reply Mail IMbA Promotion (July 1, 2023 to December 31, 2023)~~

~~Provide a three percent discount for mailers that use static IMbA on the qualifying postage for First-Class Mail presort and automation letters sent during the established period. Mailers receive a six percent discount if they use serialized IMbA. Mailers must enroll to participate.~~

Retargeting Promotion (September 1, 2023 2024 to November 30, 2023 2024)

1115 Flats

1115.4 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)
- Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (~~May 1, 2023 to November 30, 2023~~)
- Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)

1115.5 Prices*Automation Flats*

Maximum Weight (ounces)	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
1	<u>0.831</u>	<u>1.037</u>	<u>1.098</u>	<u>1.234</u>
2	<u>1.071</u>	<u>1.277</u>	<u>1.338</u>	<u>1.474</u>
3	<u>1.311</u>	<u>1.517</u>	<u>1.578</u>	<u>1.714</u>
4	<u>1.551</u>	<u>1.757</u>	<u>1.818</u>	<u>1.954</u>
5	<u>1.791</u>	<u>1.997</u>	<u>2.058</u>	<u>2.194</u>
6	<u>2.031</u>	<u>2.237</u>	<u>2.298</u>	<u>2.434</u>
7	<u>2.271</u>	<u>2.477</u>	<u>2.538</u>	<u>2.674</u>
8	<u>2.511</u>	<u>2.717</u>	<u>2.778</u>	<u>2.914</u>
9	<u>2.751</u>	<u>2.957</u>	<u>3.018</u>	<u>3.154</u>
10	<u>2.991</u>	<u>3.197</u>	<u>3.258</u>	<u>3.394</u>
11	<u>3.231</u>	<u>3.437</u>	<u>3.498</u>	<u>3.634</u>
12	<u>3.471</u>	<u>3.677</u>	<u>3.738</u>	<u>3.874</u>
13	<u>3.711</u>	<u>3.917</u>	<u>3.978</u>	<u>4.114</u>

*First-Class Mail
Flats**Presorted Flats*

Maximum Weight (ounces)	Presorted (\$)
1	<u>1.27</u>
2	<u>1.51</u>
3	<u>1.75</u>
4	<u>1.99</u>
5	<u>2.23</u>
6	<u>2.47</u>
7	<u>2.71</u>
8	<u>2.95</u>
9	<u>3.19</u>
10	<u>3.43</u>
11	<u>3.67</u>
12	<u>3.91</u>
13	<u>4.15</u>

*First-Class Mail
Flats**Single-Piece Flats¹*

Maximum Weight (ounces)	Single-Piece (\$)
1	<u>1.35</u>
2	<u>1.59</u>
3	<u>1.83</u>
4	<u>2.07</u>
5	<u>2.31</u>
6	<u>2.55</u>
7	<u>2.79</u>
8	<u>3.03</u>
9	<u>3.27</u>
10	<u>3.51</u>
11	<u>3.75</u>
12	<u>3.99</u>
13	<u>4.23</u>

*First-Class Mail
Flats**Keys and Identification Devices*

Maximum Weight (ounces)	Keys and Identification Devices (\$)
1	4.15
2	4.39
3	4.63
4	4.87
5	5.11
6	5.35
7	5.59
8	5.83
9	6.07
10	6.31
11	6.55
12	6.79
13	7.03
1 (pound)	Priority Mail Retail Zone 4 postage plus <u>1.05</u>
2 (pounds)	Priority Mail Retail Zone 4 postage plus <u>1.05</u>

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)*

*First-Class Mail
Flats*

Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

First-Class Mail
*Outbound Single-Piece First-Class Mail International***1125 Outbound Single-Piece First-Class Mail International**

1125.6 Prices*Machinable Letters¹*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>
2	<u>1.50</u>	<u>2.27</u>	<u>2.80</u>	<u>2.80</u>	<u>2.80</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>	<u>2.60</u>
3	<u>2.15</u>	<u>3.00</u>	<u>4.10</u>	<u>4.10</u>	<u>4.10</u>	<u>3.69</u>	<u>3.69</u>	<u>3.69</u>	<u>3.69</u>
3.5	<u>2.75</u>	<u>3.76</u>	<u>5.40</u>	<u>5.40</u>	<u>5.40</u>	<u>4.78</u>	<u>4.78</u>	<u>4.78</u>	<u>4.78</u>

Nonmachinable Letters

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>	<u>1.90</u>
2	<u>1.90</u>	<u>2.67</u>	<u>3.20</u>	<u>3.20</u>	<u>3.20</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
3	<u>2.55</u>	<u>3.40</u>	<u>4.50</u>	<u>4.50</u>	<u>4.50</u>	<u>4.09</u>	<u>4.09</u>	<u>4.09</u>	<u>4.09</u>
3.5	<u>3.15</u>	<u>4.16</u>	<u>5.80</u>	<u>5.80</u>	<u>5.80</u>	<u>5.18</u>	<u>5.18</u>	<u>5.18</u>	<u>5.18</u>

Postcards

Maximum Weight (ounces)	Canada (\$)	Mexico (\$)	All Other Countries (\$)
not applicable	<u>1.50</u>	<u>1.50</u>	<u>1.50</u>

*First-Class Mail
Outbound Single-Piece First-Class Mail International**Large Envelopes (Flats)*

Maximum Weight (ounces)	Country Price Group								
	1 (\$)	2 (\$)	3 (\$)	4 (\$)	5 (\$)	6 (\$)	7 (\$)	8 (\$)	9 (\$)
1	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>	<u>3.00</u>
2	<u>3.29</u>	<u>3.90</u>	<u>4.23</u>	<u>4.23</u>	<u>4.23</u>	<u>4.17</u>	<u>4.17</u>	<u>4.17</u>	<u>4.17</u>
3	<u>3.57</u>	<u>4.78</u>	<u>5.45</u>	<u>5.45</u>	<u>5.45</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>	<u>5.33</u>
4	<u>3.82</u>	<u>5.67</u>	<u>6.71</u>	<u>6.71</u>	<u>6.71</u>	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>	<u>6.49</u>
5	<u>4.10</u>	<u>6.56</u>	<u>7.93</u>	<u>7.93</u>	<u>7.93</u>	<u>7.65</u>	<u>7.65</u>	<u>7.65</u>	<u>7.65</u>
6	<u>4.37</u>	<u>7.44</u>	<u>9.16</u>	<u>9.16</u>	<u>9.16</u>	<u>8.82</u>	<u>8.82</u>	<u>8.82</u>	<u>8.82</u>
7	<u>4.65</u>	<u>8.34</u>	<u>10.39</u>	<u>10.39</u>	<u>10.39</u>	<u>9.97</u>	<u>9.97</u>	<u>9.97</u>	<u>9.97</u>
8	<u>4.92</u>	<u>9.22</u>	<u>11.61</u>	<u>11.61</u>	<u>11.61</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>	<u>11.13</u>
12	<u>6.29</u>	<u>11.13</u>	<u>14.08</u>	<u>14.08</u>	<u>14.08</u>	<u>13.54</u>	<u>13.54</u>	<u>13.54</u>	<u>13.54</u>
15.994	<u>7.65</u>	<u>13.05</u>	<u>16.54</u>	<u>16.54</u>	<u>16.54</u>	<u>15.93</u>	<u>15.93</u>	<u>15.93</u>	<u>15.93</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters***1205 High Density and Saturation Letters**

1205.4 Price Categories

The following price categories are available for the product specified in this section:

- Saturation Letters on SCF or Finer Presort Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- High Density Plus Letters on SCF or Finer Presort Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- High Density Letters on SCF or Finer Presort Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- Marriage Mail Letters
- ~~Move Update Noncompliance Charge~~

1205.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024)
(~~May 1, 2023 to November 30, 2023~~)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)
- Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters*

1205.6 Prices

Saturation Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.228</u>	<u>0.143</u>
DNDC	<u>0.201</u>	<u>0.116</u>
DSCF	<u>0.193</u>	<u>0.108</u>

High Density Plus Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.258</u>	<u>0.167</u>
DNDC	<u>0.231</u>	<u>0.140</u>
DSCF	<u>0.223</u>	<u>0.132</u>

High Density Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.317</u>	<u>0.169</u>
DNDC	<u>0.290</u>	<u>0.142</u>
DSCF	<u>0.282</u>	<u>0.134</u>

Containerization Discounts

Saturation Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.002.

High Density Plus Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.002.

High Density Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.002.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters*

Marriage Mail Letters

Subtract ten percent of the per-piece price (rounded to the 10th of a cent) in a mailing that complies with Marriage Mail eligibility requirements.

~~*Move Update Noncompliance Charge*~~

~~Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.~~

Move Update Assessment Charge

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.~~60~~⁵⁷ per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

Plus One

Add \$0.~~110~~¹⁰⁵ for each Plus One card mailed with a Saturation Letter marriage mail “host” mailpiece.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Letters**Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)*

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 2024 to July 31, 2023 2024)

Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels***1210 High Density and Saturation Flats/Parcels**

1210.4 Price Categories

The following price categories are available for the product specified in this section:

- Saturation, High Density Plus, and High Density Nonautomation Letters ~~Commercial and Nonprofit Origin, DSCF, and DNDC~~
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible
- Saturation, High Density Plus, and High Density Nonautomation Letters on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible
- Marriage Mail Flats
- ~~Move Update Noncompliance Charge~~

1210.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024)
(~~May 1, 2023 to November 30, 2023~~)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)
- Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

1210.6 Prices

Saturation Flatsa. Per Piece

<u>Entry Point</u>	<u>Commercial (\$)</u>		<u>Nonprofit (\$)</u>	
	<u>EDDM</u>	<u>Other</u>	<u>EDDM</u>	<u>Other</u>
<u>Origin</u>	<u>0.301</u>	<u>0.300</u>	<u>0.211</u>	<u>0.210</u>
<u>DNDC</u>	<u>0.230</u>	<u>0.229</u>	<u>0.140</u>	<u>0.139</u>
<u>DSCF</u>	<u>0.210</u>	<u>0.209</u>	<u>0.120</u>	<u>0.119</u>
<u>DDU</u>	<u>0.197</u>	<u>0.196</u>	<u>0.107</u>	<u>0.106</u>

b. Per Pound

<u>Entry Point</u>	<u>Commercial (\$)</u>		<u>Nonprofit (\$)</u>	
	<u>EDDM</u>	<u>Other</u>	<u>EDDM</u>	<u>Other</u>
<u>Origin</u>	<u>0.640</u>	<u>0.640</u>	<u>0.400</u>	<u>0.400</u>
<u>DNDC</u>	<u>0.640</u>	<u>0.640</u>	<u>0.400</u>	<u>0.400</u>
<u>DSCF</u>	<u>0.640</u>	<u>0.640</u>	<u>0.400</u>	<u>0.400</u>
<u>DDU</u>	<u>0.640</u>	<u>0.640</u>	<u>0.400</u>	<u>0.400</u>

Saturation Flats (less than 4.0 ounces)Pay only the applicable per-piece priceSaturation Flats (greater than 4.0 ounces)Pay the applicable per-piece price plus the pound rate for pounds above 4.0 ounces

USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*Saturation Flats (4.0 ounces or less)*

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.266	0.265	0.174	0.173
DNDG	0.220	0.219	0.128	0.127
DSCF	0.208	0.207	0.116	0.115
DDU	0.188	0.187	0.096	0.095

Saturation Flats (greater than 4.0 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per piece price, multiplying the number of pounds of the mailing by the applicable per pound price, and adding both totals.

a. Per Piece

	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Per Piece	0.095	0.094	0.046	0.045

b. Per Pound

Entry Point	Commercial (\$)		Nonprofit (\$)	
	EDDM	Other	EDDM	Other
Origin	0.683	0.683	0.511	0.511
DNDG	0.500	0.500	0.328	0.328
DSCF	0.450	0.450	0.278	0.278
DDU	0.370	0.370	0.198	0.198

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels**Saturation Parcels*

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.432</u>	<u>0.498</u>	<u>0.324</u>	<u>0.374</u>
200,001 and above	<u>0.415</u>	<u>0.482</u>	<u>0.313</u>	<u>0.361</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>75.688</u>	<u>60.550</u>
DNDC – 5-Digit	<u>123.065</u>	<u>98.452</u>
DSCF – 5-Digit	<u>57.658</u>	<u>46.291</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>10.307</u>	<u>8.399</u>

*High Density Plus Flats*a. Per Piece

<u>Entry Point</u>	<u>Commercial (\$)</u>	<u>Nonprofit (\$)</u>
<u>Origin</u>	<u>0.329</u>	<u>0.237</u>
<u>DNDC</u>	<u>0.258</u>	<u>0.166</u>
<u>DSCF</u>	<u>0.238</u>	<u>0.146</u>
<u>DDU</u>	<u>0.225</u>	<u>0.133</u>

USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcelsb. Per Pound

<u>Entry Point</u>	<u>Commercial</u> <u>(\$)</u>	<u>Nonprofit</u> <u>(\$)</u>
<u>Origin</u>	<u>0.640</u>	<u>0.400</u>
<u>DNDC</u>	<u>0.640</u>	<u>0.400</u>
<u>DSCF</u>	<u>0.640</u>	<u>0.400</u>
<u>DDU</u>	<u>0.640</u>	<u>0.400</u>

High Density Plus Flats (less than 4.0 ounces)Pay only the applicable per-piece priceHigh Density Plus Flats (greater than 4.0 ounces)Pay the applicable per-piece price plus the pound rate for pounds above 4.0 ounces.High Density Plus Flats (4.0 ounces or less)

<u>Entry Point</u>	<u>Commercial</u> <u>(\$)</u>	<u>Nonprofit</u> <u>(\$)</u>
<u>Origin</u>	<u>0.288</u>	<u>0.194</u>
<u>DNDC</u>	<u>0.242</u>	<u>0.148</u>
<u>DSCF</u>	<u>0.230</u>	<u>0.136</u>
<u>DDU</u>	<u>0.210</u>	<u>0.116</u>

High Density Plus Flats (greater than 4.0 ounces)Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.a. Per Piece

	<u>Commercial</u> <u>(\$)</u>	<u>Nonprofit</u> <u>(\$)</u>
<u>Per Piece</u>	<u>0.117</u>	<u>0.066</u>

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels***b. Per Pound**

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.683	0.511
DNDC	0.500	0.328
DSCF	0.450	0.278
DDU	0.370	0.198

*High Density Flats***a. Per Piece**

<u>Entry Point</u>	<u>Commercial (\$)</u>	<u>Nonprofit (\$)</u>
<u>Origin</u>	<u>0.389</u>	<u>0.300</u>
<u>DNDC</u>	<u>0.318</u>	<u>0.229</u>
<u>DSCF</u>	<u>0.298</u>	<u>0.209</u>
<u>DDU</u>	<u>0.285</u>	<u>0.196</u>

b. Per Pound

<u>Entry Point</u>	<u>Commercial (\$)</u>	<u>Nonprofit (\$)</u>
<u>Origin</u>	<u>0.756</u>	<u>0.500</u>
<u>DNDC</u>	<u>0.756</u>	<u>0.500</u>
<u>DSCF</u>	<u>0.756</u>	<u>0.500</u>
<u>DDU</u>	<u>0.756</u>	<u>0.500</u>

*High Density Flats (less than 4.0 ounces)*Pay only the applicable per-piece price.*High Density Flats (greater than 4.0 ounces)*Pay the applicable per-piece price plus the pound rate for pounds above
4.0 ounces

USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*High Density Flats (4.0 ounces or less)*

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	0.356	0.265	
DNDG	0.310	0.219	
DSCF	0.298	0.207	
DDU	0.278	0.187	

High Density Flats (greater than 4.0 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. ~~Per Piece~~

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.185	0.137
DNDG	0.185	0.137
DSCF	0.185	0.137
DDU	0.185	0.137

b. ~~Per Pound~~

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	0.683	0.511
DNDG	0.500	0.328
DSCF	0.450	0.278
DDU	0.370	0.198

Containerization Discounts

Saturation and EDDM Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of \$0.011~~0.009~~.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

High Density Plus Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of ~~\$0.0150-012~~.

High Density Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of ~~\$0.0180-015~~.

Saturation and EDDM Flat-shaped pieces prepared on a SCF Pallet receive a discount of ~~\$0.0030-002~~.

High Density Plus Flat-shaped pieces on a SCF Pallet receive a discount of ~~\$0.0090-007~~.

High Density Flat-shaped pieces on a SCF Pallet receive a discount of ~~\$0.0100-008~~.

Saturation, High Density Plus, and High Density Letter-shaped pieces on an SCF or Finer Presort Pallet receive a discount of \$0.002.

Marriage Mail Flats

Subtract ten percent of the per-piece price (rounded to a 10th of a cent) in a mailing that complies with Marriage Mail eligibility requirements.

Move Update Noncompliance Charge

~~Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.~~

Flat-shaped pieces including a Detached Address Label

Add \$0.075 for each piece addressed using a Detached Address Label with no advertising, and \$0.095 for each piece using a Detached Address Label containing advertising (Detached Marketing Label).

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$2.024-94~~ per piece and forwarded parcels pay ~~\$7.666-38~~ per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

*USPS Marketing Mail (Commercial and Nonprofit)
High Density and Saturation Flats/Parcels*

Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 2024 to July 31, 2023 2024)

Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route**1215 Carrier Route**

1215.4 Price Categories

The following price categories are available for the product specified in this section:

- Letters on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- ~~Move Update Noncompliance Charge~~

1215.5 Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion: Letters and Flats Only (Mails select start date for a six-month promotion period within calendar year 2024) (~~May 1, 2023 to November 30, 2023~~)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion: Letters and Flats Only (February 1, 2023 2024 to July 31, 2023 2024)
- Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)

1215.6 Prices

Carrier Route Letters (3.5 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)
Origin	<u>0.505</u>	<u>0.357</u>
DNDC	<u>0.478</u>	<u>0.330</u>
DSCF	<u>0.470</u>	<u>0.322</u>

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*Carrier Route Letters weighing greater than 3.5 ounces, but not more than 4.0 ounces*

Carrier Route letter-shaped pieces that weigh more than 3.5 ounces, but not more than 4.0 ounces, must pay the prices shown in the “Carrier Route Flats ~~(4.0 ounces or less)~~” price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Letters weighing greater than 4.0 ounces

Carrier Route letter-shaped pieces that weigh more than 4.0 ounces must pay the per piece and per pound prices shown in the “Carrier Route Flats ~~(greater than 4.0 ounces)~~” price tables (1215.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Carrier Route Flatsa. Per Piece

<u>Entry Point</u>	<u>Commercial (\$)</u>	<u>Nonprofit (\$)</u>	
<u>Origin</u>	<u>0.467</u>	<u>0.378</u>	
<u>DNDC</u>	<u>0.396</u>	<u>0.307</u>	
<u>DSCF</u>	<u>0.376</u>	<u>0.287</u>	
<u>DDU</u>	<u>0.363</u>	<u>0.274</u>	

b. Per Pound

<u>Entry Point</u>	<u>Commercial (\$)</u>	<u>Nonprofit (\$)</u>	
<u>Origin</u>	<u>0.756</u>	<u>0.500</u>	
<u>DNDC</u>	<u>0.756</u>	<u>0.500</u>	
<u>DSCF</u>	<u>0.756</u>	<u>0.500</u>	
<u>DDU</u>	<u>0.756</u>	<u>0.500</u>	

Carrier Route Flats (less than 4.0 ounces)

Pay only the applicable per-piece price.

USPS Marketing Mail (Commercial and Nonprofit)
Carrier RouteCarrier Route Flats (greater than 4.0 ounces)Pay the applicable per-piece price plus the pound rate only for pounds above 4.0 ounces.Carrier Route Flats (4.0 ounces or less)

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	0.426	0.335	
DNDG	0.358	0.267	
DSCF	0.352	0.261	
DDU	0.351	0.260	

Carrier Route Flats (greater than 4.0 ounces)

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	0.192	0.143	
DNDG	0.192	0.143	
DSCF	0.192	0.143	
DDU	0.192	0.143	

b. Per Pound

Entry Point	Commercial (\$)	Nonprofit (\$)	
Origin	0.937	0.769	
DNDG	0.665	0.497	
DSCF	0.641	0.473	
DDU	0.637	0.469	

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*Carrier Route Parcels*

a. Per Piece

Mailing Volume Tier	Commercial		Nonprofit	
	Small (\$)	Large (\$)	Small (\$)	Large (\$)
0-200,000	<u>0.599</u>	<u>0.663</u>	<u>0.449</u>	<u>0.498</u>
200,001 and above	<u>0.580</u>	<u>0.645</u>	<u>0.437</u>	<u>0.485</u>

b. Handling Fees for DNDC/DSCF Entry

	Commercial (\$)	Nonprofit (\$)
Entry Point/ Presort	Pallet	Pallet
DNDC – 3-Digit	<u>75.688</u>	<u>60.550</u>
DNDC – 5-Digit	<u>123.065</u>	<u>98.452</u>
DSCF – 5-Digit	<u>57.658</u>	<u>46.291</u>
Pallet Presort	Carton/Sack	Carton/Sack
3-Digit	<u>10.307</u>	<u>8.399</u>

Containerization Discounts

Carrier Route Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.002.

Carrier Route Flat-shaped pieces in a 5-Digit or 5-Digit Scheme Container receive a discount of \$0.0242.

Carrier Route Flat-shaped pieces on a SCF Pallet receive a discount of \$0.0144.

~~Move Update Noncompliance Charge~~

~~Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.~~

USPS Marketing Mail (Commercial and Nonprofit)
Carrier Route*Forwarding-and-Return Service*

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.~~6057~~ per piece, forwarded flats pay \$~~2.024~~⁹⁴ per piece, and forwarded parcels pay \$~~7.666~~³⁸ per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail or First-Class Package Service price for the piece multiplied by a factor of 2.472.

*Emerging and Advanced Technology Promotion: Letters and Flats Only
(Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)*

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion:
Letters and Flats Only (February 1, 2023-2024 to July 31, 2023 2024)*

Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

*USPS Marketing Mail (Commercial and Nonprofit)
Letters***1220**

Letters

1220.4

Price Categories

The following price categories are available for the product specified in this section:

- Automation

- 5-Digit on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- AADC on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- Machinable

- AADC on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- ~~Move Update Noncompliance Charge~~

1220.5

Optional Features

The following additional postal services may be available in conjunction with the product specified in this section:

- Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024)
(~~May 1, 2023 to November 30, 2023~~)

*USPS Marketing Mail (Commercial and Nonprofit)
Letters*

- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)
- Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)

1220.6 Prices

Automation Letters (3.5 ounces or less)

Entry Point	Commercial			Nonprofit		
	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)	5-Digit (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.326</u>	<u>0.361</u>	<u>0.381</u>	<u>0.171</u>	<u>0.206</u>	<u>0.226</u>
DNDC	<u>0.299</u>	<u>0.334</u>	<u>0.354</u>	<u>0.144</u>	<u>0.179</u>	<u>0.199</u>
DSCF	<u>0.291</u>	<u>0.326</u>		<u>0.136</u>	<u>0.171</u>	

Machinable Letters (3.5 ounces or less)

Entry Point	Commercial		Nonprofit	
	AADC (\$)	Mixed AADC (\$)	AADC (\$)	Mixed AADC (\$)
Origin	<u>0.363</u>	<u>0.387</u>	<u>0.208</u>	<u>0.232</u>
DNDC	<u>0.336</u>	<u>0.360</u>	<u>0.181</u>	<u>0.205</u>
DSCF	<u>0.328</u>		<u>0.173</u>	

Containerization Discounts

5-Digit Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.003.

AADC Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.003.

~~*Move Update Noncompliance Charge*~~

~~Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.~~

*USPS Marketing Mail (Commercial and Nonprofit)
Letters*

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic or automated Address Correction Service, forwarded letters pay \$0.~~6057~~ per piece. All other letters requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

Tactile, Sensory, and Interactive Mailpiece Engagement Promotion (February 1, 2023 2024 to July 31, 2023 2024)

Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

*USPS Marketing Mail (Commercial and Nonprofit)
Flats***1225**

Flats**1225.4****Price Categories**

The following price categories are available for the product specified in this section:

- Automation

 - Qualifying ADC on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- Nonmachinable Letters

 - 5-Digit on SCF or Finer Presort Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

 - 3-Digit on SCF or Finer Presort Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

 - Qualifying ADC on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- Nonautomation

 - Qualifying ADC on SCF Pallets
DSCF, DNDC, and Origin entry levels
Commercial and Nonprofit eligible

- ~~Move Update Noncompliance Charge~~

1225.5**Optional Features**

The following additional postal services may be available in conjunction with the product specified in this section:

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

- Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024)
(~~May 1, 2023~~ to November 30, 2023)
- Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, 2023 2024 to July 31, 2023 2024)
- Informed Delivery Promotion (August 1, 2023 2024 to December 31, 2023 2024)

1225.6 Prices

Automation Flatsa. Per Piece

<u>Commercial</u>				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.609</u>	<u>0.786</u>	<u>0.893</u>	<u>0.976</u>
<u>DNDC</u>	<u>0.538</u>	<u>0.715</u>	<u>0.822</u>	<u>0.905</u>
<u>DSCF</u>	<u>0.518</u>	<u>0.695</u>	<u>0.802</u>	

<u>Nonprofit</u>				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.384</u>	<u>0.561</u>	<u>0.668</u>	<u>0.751</u>
<u>DNDC</u>	<u>0.313</u>	<u>0.490</u>	<u>0.597</u>	<u>0.680</u>
<u>DSCF</u>	<u>0.293</u>	<u>0.470</u>	<u>0.577</u>	

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*b. Per Pound

<u>Commercial</u>				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>
<u>DNDC</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>
<u>DSCF</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>	

<u>Nonprofit</u>				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>
<u>DNDC</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>
<u>DSCF</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>	

Automation Flats (less than 4.0 ounces)Pay only the applicable per-piece price.Automation Flats (greater than 4.0 ounces)Pay the applicable per-piece price plus the pound rate for pounds above 4.0 ounces.

USPS Marketing Mail (Commercial and Nonprofit)
Flats*Automation Flats (4.0 ounces or less)*

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.572	0.726	0.824	0.896
DNDC	0.503	0.657	0.755	0.827
DSCF	0.483	0.637	0.735	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.357	0.511	0.609	0.684
DNDC	0.288	0.442	0.540	0.612
DSCF	0.268	0.422	0.520	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Flats*Automation Flats (greater than 4.0 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.297	0.451	0.549	0.621
DNDG	0.297	0.451	0.549	0.621
DSCF	0.297	0.451	0.549	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.122	0.276	0.374	0.446
DNDG	0.122	0.276	0.374	0.446
DSCF	0.122	0.276	0.374	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Flats

b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	1.101	1.101	1.101	1.101
DNDC	0.825	0.825	0.825	0.825
DSCF	0.742	0.742	0.742	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.941	0.941	0.941	0.941
DNDC	0.665	0.665	0.665	0.665
DSCF	0.582	0.582	0.582	n/a

Nonautomation Flats

a. Per Piece

Commercial				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.705</u>	<u>0.852</u>	<u>0.916</u>	<u>1.007</u>
<u>DNDC</u>	<u>0.634</u>	<u>0.781</u>	<u>0.845</u>	<u>0.936</u>
<u>DSCF</u>	<u>0.614</u>	<u>0.761</u>	<u>0.825</u>	

Nonprofit				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.480</u>	<u>0.627</u>	<u>0.691</u>	<u>0.782</u>
<u>DNDC</u>	<u>0.409</u>	<u>0.556</u>	<u>0.620</u>	<u>0.711</u>
<u>DSCF</u>	<u>0.389</u>	<u>0.536</u>	<u>0.600</u>	

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*b. Per Pound

<u>Commercial</u>				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>
<u>DNDC</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>
<u>DSCF</u>	<u>0.896</u>	<u>0.896</u>	<u>0.896</u>	

<u>Nonprofit</u>				
<u>Entry Point</u>	<u>5-Digit (\$)</u>	<u>3-Digit (\$)</u>	<u>ADC (\$)</u>	<u>Mixed ADC (\$)</u>
<u>Origin</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>
<u>DNDC</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>
<u>DSCF</u>	<u>0.706</u>	<u>0.706</u>	<u>0.706</u>	

Nonautomation Flats (less than 4.0 ounces)Pay only the applicable per-piece price.Nonautomation Flats (greater than 4.0 ounces)Pay the applicable per-piece price plus the pound rate for pounds above 4.0 ounces

USPS Marketing Mail (Commercial and Nonprofit)
Flats*Nonautomation Flats (4.0 ounces or less)*

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.653	0.778	0.842	0.923
DNDC	0.584	0.709	0.773	0.854
DSCF	0.564	0.689	0.753	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.438	0.563	0.627	0.708
DNDC	0.369	0.494	0.558	0.639
DSCF	0.349	0.474	0.538	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Flats*Nonautomation Flats (greater than 4.0 ounces)*

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.

a. Per Piece

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.378	0.503	0.567	0.648
DNDG	0.378	0.503	0.567	0.648
DSCF	0.378	0.503	0.567	n/a
Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.203	0.328	0.392	0.473
DNDG	0.203	0.328	0.392	0.473
DSCF	0.203	0.328	0.392	n/a

USPS Marketing Mail (Commercial and Nonprofit)
Flats

b. Per Pound

Commercial				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	1.101	1.101	1.101	1.101
DNDC	0.825	0.825	0.825	0.825
DSCF	0.742	0.742	0.742	n/a

Nonprofit				
Entry Point	5-Digit (\$)	3-Digit (\$)	ADC (\$)	Mixed ADC (\$)
Origin	0.941	0.941	0.941	0.941
DNDC	0.665	0.665	0.665	0.665
DSCF	0.582	0.582	0.582	n/a

Nonmachinable Letters Commercial and Nonprofit (4.0 ounces or less)

Nonmachinable Letters pieces that weigh 4.0 ounces or less must pay the prices shown in the “Nonautomation Flats ~~(4.0 ounces or less)~~” price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Nonmachinable Letters Commercial and Nonprofit (greater than 4.0 ounces)

Nonmachinable Letters pieces that weigh more than 4.0 ounces must pay the prices shown in the “Nonautomation Flats ~~(greater than 4.0 ounces)~~” price tables (1225.6). These pieces cannot be entered at a DDU and must be prepared as letters.

Customized MarketMail Prices

	Commercial (\$)	Nonprofit (\$)
Per Piece	<u>0.601</u>	<u>0.445</u>

*USPS Marketing Mail (Commercial and Nonprofit)
Flats**Containerization Discounts*

Qualifying ADC 3-Digit and 5-Digit (Automation and Nonautomation) Flat-shaped pieces on a SCF Pallet receive a discount of \$0.01744.

Nonmachinable 5-Digit Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.003.

Nonmachinable 3-Digit Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.003.

Nonmachinable qualifying ADC Letter-shaped pieces prepared on a SCF or Finer Presort Pallet receive a discount of \$0.003.

~~Move Update Noncompliance Charge~~

~~Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.~~

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay \$2.024-94 per piece. All other flats requesting Forwarding-and-Return Service that are returned are charged the appropriate First-Class Mail price for the piece multiplied by a factor of 2.472.

Emerging and Advanced Technology Promotion (Mailer selects start date for a six-month promotion period within calendar year 2024) (May 1, 2023 to November 30, 2023)

Provide a three or four percent discount on the qualifying postage for First-Class Mail letters, postcards, and flats, and USPS Marketing Mail letters and flats that are sent during the established program period, and which either include affixed or embedded technology that allows the recipient to engage in technological experience, or were automatically generated by the recipient's applicable online activities. Mailers will receive a discount based on the complexity of the technology involved and its perceived benefit to the recipient. Qualifying mail utilizing technology with low barriers to entry will receive a three percent discount, while technology featuring high barriers to entry will receive a four percent discount. To receive the discount, mailers must comply with the eligibility requirements of the program. Mailers have the ability to register for this promotion at any point in the year and can select their start date for a

*USPS Marketing Mail (Commercial and Nonprofit)
Flats*

specified six-month period. All activity must be completed within calendar year 2024, and mailers are not permitted to extend this promotion into new calendar years.

*Tactile, Sensory, and Interactive Mailpiece Engagement Promotion
(February 1, ~~2023~~ 2024 to July 31, ~~2023~~ 2024)*

Informed Delivery Promotion (August 1, ~~2023~~ 2024 to December 31, ~~2023~~ 2024)

USPS Marketing Mail (Commercial and Nonprofit)
Parcels**1230 Parcels**

1230.4 Price Categories

The following price categories are available for the product specified in this section:

- ~~Move Update Noncompliance Charge~~

1230.6 Prices

Marketing Parcels (3.3 ounces or less)

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin			<u>2.757</u>	<u>3.292</u>			<u>2.591</u>	<u>3.126</u>
DNDC	<u>1.465</u>	<u>2.452</u>	<u>2.693</u>		<u>1.299</u>	<u>2.286</u>	<u>2.527</u>	
DSCF	<u>1.448</u>	<u>2.435</u>			<u>1.282</u>	<u>2.269</u>		
DDU	<u>1.378</u>				<u>1.212</u>			

Marketing Parcels (greater than 3.3 ounces)

a. Per Piece

	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	<u>1.095</u>	<u>2.082</u>	<u>2.323</u>	<u>2.858</u>	<u>0.975</u>	<u>1.962</u>	<u>2.203</u>	<u>2.738</u>

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels*

b. Per Pound

Entry Point	Commercial				Nonprofit			
	5-Digit	SCF	NDC	Mixed NDC	5-Digit	SCF	NDC	Mixed NDC
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Origin			<u>2.105</u>	<u>2.105</u>			<u>1.882</u>	<u>1.882</u>
DNDC	<u>1.792</u>	<u>1.792</u>	<u>1.792</u>		<u>1.569</u>	<u>1.569</u>	<u>1.569</u>	
DSCF	<u>1.710</u>	<u>1.710</u>			<u>1.487</u>	<u>1.487</u>		
DDU	<u>1.373</u>				<u>1.150</u>			

Nonprofit Machinable Parcels Prices (3.5 ounces or more)

a. Per Piece

	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>1.207</u>	<u>2.136</u>	<u>2.855</u>

b. Per Pound

Entry Point	5-Digit (\$)	NDC (\$)	Mixed NDC (\$)
Origin		<u>1.900</u>	<u>1.900</u>
DNDC	<u>1.575</u>	<u>1.575</u>	
DSCF	<u>1.420</u>		
DDU	<u>1.124</u>		

USPS Marketing Mail (Commercial and Nonprofit)
Parcels*Nonprofit Irregular Parcels (3.3 ounces or less)*

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin			<u>3.153</u>	<u>3.387</u>
DNDC	<u>1.532</u>	<u>2.575</u>	<u>3.086</u>	
DSCF	<u>1.500</u>	<u>2.543</u>		
DDU	<u>1.439</u>			

Nonprofit Irregular Parcels (greater than 3.3 ounces)

a. Per Piece

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Per Piece	<u>1.207</u>	<u>2.250</u>	<u>2.761</u>	<u>2.995</u>

b. Per Pound

Entry Point	5-Digit (\$)	SCF (\$)	NDC (\$)	Mixed NDC (\$)
Origin			<u>1.900</u>	<u>1.900</u>
DNDC	<u>1.575</u>	<u>1.575</u>	<u>1.575</u>	
DSCF	<u>1.420</u>	<u>1.420</u>		
DDU	<u>1.124</u>			

~~*Move Update Noncompliance Charge*~~

~~Add \$0.07 per piece in a mailing that does not comply with the Move Update standards.~~

Forwarding-and-Return Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded parcels pay ~~\$7.666-38~~ per piece. All other parcels requesting Forwarding-and-Return Service that are returned are

*USPS Marketing Mail (Commercial and Nonprofit)
Parcels*

charged the appropriate First-Class Package Service or Priority Mail price for the piece multiplied by a factor of 2.472.

Non-barcoded Parcels Surcharge

For non-barcoded parcels, add ~~\$0.0400~~ \$0.044 per piece. The surcharge does not apply to pieces sorted to 5-Digit ZIP Codes.

*USPS Marketing Mail
Every Door Direct—Retail***1235 Every Door Direct Mail—Retail**

1235.6 Prices

Saturation Flats (3.3 ounces or less)

Entry Point	(\$)
DDU	<u>0.198</u>

1305 In-County Periodicals

1305.6 Prices

In-County Automation

a. Pound Prices (per pound or fraction thereof)

b. Piece Prices (per addressed piece)

Presort Level	Letters (\$)	Flats (\$)
5-Digit	0.059	<u>0.240</u>
3-Digit	0.083	<u>0.304</u>
Basic	0.091	<u>0.345</u>

In-County Nonautomation

a. Pound Prices (per pound or fraction thereof)

b. Piece Prices (per addressed piece)

Presort Level	Letters, Flats, and Parcels (\$)
Carrier Route Saturation	<u>0.041</u>
Carrier Route High Density	<u>0.070</u>
Carrier Route Basic	<u>0.104</u>
5-Digit	<u>0.292</u>
3-Digit	<u>0.369</u>
Basic	<u>0.422</u>

Worksharing Discount for DDU

Each DDU entered piece receives a discount of \$0.0185

In-County Periodicals including a Ride-Along piece

Add \$0.1910 for a Ride-Along item enclosed with or attached to an In-County Periodical.

*Periodicals
Outside County Periodicals***1310 Outside County Periodicals**

1310.6 Prices

Pound Prices (per pound or fraction thereof)

Entry Level or Zone	Regular		Science of Agriculture	
	Advertising (\$)	Editorial (\$)	Advertising (\$)	Editorial (\$)
DDU	<u>0.122</u>	<u>0.092</u>	<u>0.092</u>	<u>0.092</u>
DSCF	<u>0.180</u>	<u>0.135</u>	<u>0.135</u>	<u>0.135</u>
DADC	<u>0.192</u>	<u>0.144</u>	<u>0.144</u>	<u>0.144</u>
<u>All Others</u>	<u>0.300</u>	<u>0.205</u>	<u>0.225</u>	<u>0.205</u>
Zones 1 & 2				
Zone 3				
Zone 4				
Zone 5				
Zone 6				
Zone 7				
Zone 8				
Zone 9				

Piece Price (per addressed piece)

a. Carrier Route Letters, Flats, and Parcels

Bundle Level	Letters, Flats, and Parcels (\$)
Saturation	<u>0.191</u>
High Density	<u>0.224</u>
Basic	<u>0.258</u>

*Periodicals
Outside County Periodicals*

b. Barcoded Letters

c. Machinable Flats and Nonbarcoded Letters

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Nonbarcoded Letters (\$)
5-Digit	<u>0.459</u>	<u>0.479</u>	<u>0.479</u>
3-Digit/SCF	<u>0.590</u>	<u>0.628</u>	<u>0.628</u>
ADC	<u>0.630</u>	<u>0.677</u>	<u>0.677</u>
Mixed ADC	<u>0.694</u>	<u>0.757</u>	<u>0.757</u>

d. Nonmachinable Flats and Parcels

Bundle Level	Barcoded Flats (\$)	Nonbarcoded Flats (\$)	Parcels (\$)
5-Digit	<u>0.713</u>	<u>0.715</u>	<u>0.715</u>
3-Digit/SCF	<u>0.814</u>	<u>0.814</u>	<u>0.814</u>
ADC	<u>0.862</u>	<u>0.868</u>	<u>0.868</u>
Mixed ADC	<u>0.987</u>	<u>0.987</u>	<u>0.987</u>

e. Editorial Adjustment

f. Firm Bundle Piece Price

Firm bundles are charged a single-piece price of \$0.2263.

Bundle Prices (per bundle)

Bundle Level	Container Level				
	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
Firm	<u>0.205</u>	<u>0.205</u>	<u>0.546</u>	<u>0.657</u>	<u>0.852</u>
Carrier Route	<u>0.203</u>	<u>0.203</u>	<u>0.738</u>	<u>0.998</u>	<u>1.264</u>
5-Digit		<u>0.427</u>	<u>0.506</u>	<u>0.656</u>	<u>0.971</u>
3-Digit/SFC			<u>0.462</u>	<u>0.622</u>	<u>0.925</u>
ADC				<u>0.501</u>	<u>0.814</u>
Mixed ADC					<u>0.264</u>

Container Prices (per pallet, tray, or sack)

a. Pallet Container

Entry Point	Carrier Route (\$)	5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	3.062				
DSCF	<u>33.498</u>	<u>48.398</u>	<u>29.718</u>		
DADC	<u>60.804</u>	<u>75.704</u>	<u>56.763</u>	<u>31.302</u>	
DNDC	<u>61.442</u>	<u>76.342</u>	<u>57.086</u>	<u>57.024</u>	
Origin	<u>85.792</u>	<u>100.692</u>	<u>79.417</u>	<u>81.949</u>	<u>32.037</u>

*Periodicals
Outside County Periodicals*

b. Sack Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>1.702</u>			
DSCF	<u>2.544</u>	<u>1.599</u>		
DADC	<u>4.291</u>	<u>3.676</u>	<u>2.121</u>	
DNDC	<u>4.623</u>	<u>3.806</u>	<u>3.728</u>	
Origin	<u>5.220</u>	<u>4.186</u>	<u>4.214</u>	<u>2.253</u>

C. Tray Container

Entry Point	Carrier Route/ 5-Digit (\$)	3-Digit/SCF (\$)	ADC (\$)	Mixed ADC (\$)
DDU	<u>1.515</u>			
DSCF	<u>2.313</u>	<u>1.423</u>		
DADC	<u>3.297</u>	<u>2.776</u>	<u>1.489</u>	
DNDC	<u>3.673</u>	<u>2.772</u>	<u>2.677</u>	
Origin	<u>4.687</u>	<u>3.906</u>	<u>4.037</u>	<u>1.680</u>

Outside County Periodicals including a Ride-Along piece

Add \$0.191~~0~~ for a Ride-Along item enclosed with or attached to an Outside County Periodical.

*Package Services
Alaska Bypass*

1405 Alaska Bypass Service

1405.6 Prices

Alaska Bypass

Maximum Weight (pounds)	Zones 1 & 2 (\$)
70	<u>33.95</u>

Package Services
Bound Printed Matter Flats

1415 Bound Printed Matter Flats

1415.6 Prices

Carrier Route

1. ~~Destination Entry~~

	DDU	DSCF	DNDC Zones 1 & 2	<u>Origin Entry</u> DNDC Zone-3	DNDC Zone-4	DNDC Zone-5
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece	0.440	<u>0.661</u>	<u>1.300</u>	<u>1.426</u>		
Per Pound	0.066	0.066	0.066	0.066		

2. ~~Other Than Destination Entry~~

	Zones Local 1 & 2	Zone-3	Zone-4	Zone-5	Zone-6	Zone 7	Zones 8 & 9
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
Per Piece							
Per Pound							

Package Services
Bound Printed Matter Flats

Presorted

Charges are computed by multiplying the number of pieces in the mailing by the applicable per-piece price, multiplying the number of pounds of the mailing by the applicable per-pound price, and adding both totals.¹

~~1. Destination Entry¹~~

	DDU (\$)	DSCF (\$)	DNDC Zones 1 & 2 (\$)	Origin Entry DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	0.595	<u>0.816</u>	<u>1.455</u>	<u>1.581</u>		
Per Pound	0.066	0.066	0.066	0.066		

~~2. Other Than Destination Entry~~

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece							
Per Pound							

*Package Services
Bound Printed Matter Flats**Nonpresorted*

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>2.45</u>						
1.5	<u>2.58</u>						
2.0	<u>2.73</u>						
2.5	<u>2.88</u>						
3.0	<u>3.03</u>						
3.5	<u>3.20</u>						
4.0	<u>3.39</u>						
4.5	<u>3.56</u>						
5.0	<u>3.76</u>						
6.0	<u>3.96</u>						
7.0	<u>4.19</u>						
8.0	<u>4.42</u>						
9.0	<u>4.66</u>						
10.0	<u>4.91</u>						
11.0	<u>5.19</u>						
12.0	<u>5.47</u>						
13.0	<u>5.78</u>						
14.0	<u>6.08</u>						
15.0	<u>6.42</u>						

Forwarding-and-Return-Service

If Forwarding Service is used in conjunction with electronic Address Correction Service, forwarded flats pay ~~\$3.65~~ \$3.75 per piece. All other pieces requesting Forwarding-and-Return Service that are returned are charged the appropriate Bound Printed Matter Flats Nonpresorted price for the piece.

Package Services
Bound Printed Matter Parcels**1420 Bound Printed Matter Parcels**

1420.6 Prices

Carrier Route

a. ~~Destination Entry~~

	DDU (\$)	DSCF (\$)	DNDC Zones 1 & 2 (\$)	Origin Entry DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	<u>0.855</u>	<u>1.096</u>	<u>1.720</u>	<u>1.846</u>		
Per Pound	<u>0.070</u>	<u>0.080</u>	0.148	<u>0.306</u>		

b. ~~Other Than Destination Entry~~

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece							
Per Pound							

Package Services
Bound Printed Matter Parcels*Presorted*

~~a. Destination Entry~~

	DDU (\$)	DSCF (\$)	DNDC Zones 1 & 2 (\$)	Origin Entry DNDC Zone 3 (\$)	DNDC Zone 4 (\$)	DNDC Zone 5 (\$)
Per Piece	<u>1.010</u>	<u>1.251</u>	<u>1.875</u>	<u>2.001</u>		
Per Pound	<u>0.070</u>	<u>0.080</u>	0.148	<u>0.306</u>		

~~b. Other Than Destination Entry~~

	Zones Local 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
Per Piece							
Per Pound							

*Package Services
Bound Printed Matter Parcels*

Nonpresorted

Maximum Weight (pounds)	Zones 1 & 2 (\$)	Zone 3 (\$)	Zone 4 (\$)	Zone 5 (\$)	Zone 6 (\$)	Zone 7 (\$)	Zones 8 & 9 (\$)
1.0	<u>3.87</u>						
1.5	<u>3.96</u>						
2.0	<u>4.07</u>						
2.5	<u>4.24</u>						
3.0	<u>4.42</u>						
3.5	<u>4.62</u>						
4.0	<u>4.80</u>						
4.5	<u>4.98</u>						
5.0	<u>5.16</u>						
6.0	<u>5.53</u>						
7.0	<u>5.91</u>						
8.0	<u>6.27</u>						
9.0	<u>6.65</u>						
10.0	<u>7.00</u>						
11.0	<u>7.41</u>						
12.0	<u>7.75</u>						
13.0	<u>8.12</u>						
14.0	<u>8.50</u>						
15.0	<u>8.88</u>						

Pickup On Demand Service

Add ~~\$25.00~~ \$26.50 for each Pickup On Demand stop.

Package Services
Media Mail/Library Mail**1425 Media Mail/Library Mail**

1425.6 Prices

Media Mail

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>2.59</u>	<u>3.73</u>	<u>3.92</u>
2	<u>3.34</u>	<u>4.48</u>	<u>4.67</u>
3	<u>4.09</u>	<u>5.23</u>	<u>5.42</u>
4	<u>4.84</u>	<u>5.98</u>	<u>6.17</u>
5	<u>5.59</u>	<u>6.73</u>	<u>6.92</u>
6	<u>6.34</u>	<u>7.48</u>	<u>7.67</u>
7	<u>7.09</u>	<u>8.23</u>	<u>8.42</u>
8	<u>7.84</u>	<u>8.98</u>	<u>9.17</u>
9	<u>8.59</u>	<u>9.73</u>	<u>9.92</u>
10	<u>9.34</u>	<u>10.48</u>	<u>10.67</u>
11	<u>10.09</u>	<u>11.23</u>	<u>11.42</u>
12	<u>10.84</u>	<u>11.98</u>	<u>12.17</u>
13	<u>11.59</u>	<u>12.73</u>	<u>12.92</u>
14	<u>12.34</u>	<u>13.48</u>	<u>13.67</u>
15	<u>13.09</u>	<u>14.23</u>	<u>14.42</u>
16	<u>13.84</u>	<u>14.98</u>	<u>15.17</u>
17	<u>14.59</u>	<u>15.73</u>	<u>15.92</u>
18	<u>15.34</u>	<u>16.48</u>	<u>16.67</u>
19	<u>16.09</u>	<u>17.23</u>	<u>17.42</u>
20	<u>16.84</u>	<u>17.98</u>	<u>18.17</u>
21	<u>17.59</u>	<u>18.73</u>	<u>18.92</u>
22	<u>18.34</u>	<u>19.48</u>	<u>19.67</u>
23	<u>19.09</u>	<u>20.23</u>	<u>20.42</u>
24	<u>19.84</u>	<u>20.98</u>	<u>21.17</u>
25	<u>20.59</u>	<u>21.73</u>	<u>21.92</u>

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>21.34</u>	<u>22.48</u>	<u>22.67</u>
27	<u>22.09</u>	<u>23.23</u>	<u>23.42</u>
28	<u>22.84</u>	<u>23.98</u>	<u>24.17</u>
29	<u>23.59</u>	<u>24.73</u>	<u>24.92</u>
30	<u>24.34</u>	<u>25.48</u>	<u>25.67</u>
31	<u>25.09</u>	<u>26.23</u>	<u>26.42</u>
32	<u>25.84</u>	<u>26.98</u>	<u>27.17</u>
33	<u>26.59</u>	<u>27.73</u>	<u>27.92</u>
34	<u>27.34</u>	<u>28.48</u>	<u>28.67</u>
35	<u>28.09</u>	<u>29.23</u>	<u>29.42</u>
36	<u>28.84</u>	<u>29.98</u>	<u>30.17</u>
37	<u>29.59</u>	<u>30.73</u>	<u>30.92</u>
38	<u>30.34</u>	<u>31.48</u>	<u>31.67</u>
39	<u>31.09</u>	<u>32.23</u>	<u>32.42</u>
40	<u>31.84</u>	<u>32.98</u>	<u>33.17</u>
41	<u>32.59</u>	<u>33.73</u>	<u>33.92</u>
42	<u>33.34</u>	<u>34.48</u>	<u>34.67</u>
43	<u>34.09</u>	<u>35.23</u>	<u>35.42</u>
44	<u>34.84</u>	<u>35.98</u>	<u>36.17</u>
45	<u>35.59</u>	<u>36.73</u>	<u>36.92</u>
46	<u>36.34</u>	<u>37.48</u>	<u>37.67</u>
47	<u>37.09</u>	<u>38.23</u>	<u>38.42</u>
48	<u>37.84</u>	<u>38.98</u>	<u>39.17</u>
49	<u>38.59</u>	<u>39.73</u>	<u>39.92</u>
50	<u>39.34</u>	<u>40.48</u>	<u>40.67</u>

Package Services
Media Mail/Library Mail*Media Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>40.09</u>	<u>41.23</u>	<u>41.42</u>
52	<u>40.84</u>	<u>41.98</u>	<u>42.17</u>
53	<u>41.59</u>	<u>42.73</u>	<u>42.92</u>
54	<u>42.34</u>	<u>43.48</u>	<u>43.67</u>
55	<u>43.09</u>	<u>44.23</u>	<u>44.42</u>
56	<u>43.84</u>	<u>44.98</u>	<u>45.17</u>
57	<u>44.59</u>	<u>45.73</u>	<u>45.92</u>
58	<u>45.34</u>	<u>46.48</u>	<u>46.67</u>
59	<u>46.09</u>	<u>47.23</u>	<u>47.42</u>
60	<u>46.84</u>	<u>47.98</u>	<u>48.17</u>
61	<u>47.59</u>	<u>48.73</u>	<u>48.92</u>
62	<u>48.34</u>	<u>49.48</u>	<u>49.67</u>
63	<u>49.09</u>	<u>50.23</u>	<u>50.42</u>
64	<u>49.84</u>	<u>50.98</u>	<u>51.17</u>
65	<u>50.59</u>	<u>51.73</u>	<u>51.92</u>
66	<u>51.34</u>	<u>52.48</u>	<u>52.67</u>
67	<u>52.09</u>	<u>53.23</u>	<u>53.42</u>
68	<u>52.84</u>	<u>53.98</u>	<u>54.17</u>
69	<u>53.59</u>	<u>54.73</u>	<u>54.92</u>
70	<u>54.34</u>	<u>55.48</u>	<u>55.67</u>

Package Services
Media Mail/Library Mail*Library Mail*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
1	<u>2.46</u>	<u>3.54</u>	<u>3.72</u>
2	<u>3.17</u>	<u>4.25</u>	<u>4.43</u>
3	<u>3.88</u>	<u>4.96</u>	<u>5.14</u>
4	<u>4.59</u>	<u>5.67</u>	<u>5.85</u>
5	<u>5.30</u>	<u>6.38</u>	<u>6.56</u>
6	<u>6.01</u>	<u>7.09</u>	<u>7.27</u>
7	<u>6.72</u>	<u>7.80</u>	<u>7.98</u>
8	<u>7.43</u>	<u>8.51</u>	<u>8.69</u>
9	<u>8.14</u>	<u>9.22</u>	<u>9.40</u>
10	<u>8.85</u>	<u>9.93</u>	<u>10.11</u>
11	<u>9.56</u>	<u>10.64</u>	<u>10.82</u>
12	<u>10.27</u>	<u>11.35</u>	<u>11.53</u>
13	<u>10.98</u>	<u>12.06</u>	<u>12.24</u>
14	<u>11.69</u>	<u>12.77</u>	<u>12.95</u>
15	<u>12.40</u>	<u>13.48</u>	<u>13.66</u>
16	<u>13.11</u>	<u>14.19</u>	<u>14.37</u>
17	<u>13.82</u>	<u>14.90</u>	<u>15.08</u>
18	<u>14.53</u>	<u>15.61</u>	<u>15.79</u>
19	<u>15.24</u>	<u>16.32</u>	<u>16.50</u>
20	<u>15.95</u>	<u>17.03</u>	<u>17.21</u>
21	<u>16.66</u>	<u>17.74</u>	<u>17.92</u>
22	<u>17.37</u>	<u>18.45</u>	<u>18.63</u>
23	<u>18.08</u>	<u>19.16</u>	<u>19.34</u>
24	<u>18.79</u>	<u>19.87</u>	<u>20.05</u>
25	<u>19.50</u>	<u>20.58</u>	<u>20.76</u>

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
26	<u>20.21</u>	<u>21.29</u>	<u>21.47</u>
27	<u>20.92</u>	<u>22.00</u>	<u>22.18</u>
28	<u>21.63</u>	<u>22.71</u>	<u>22.89</u>
29	<u>22.34</u>	<u>23.42</u>	<u>23.60</u>
30	<u>23.05</u>	<u>24.13</u>	<u>24.31</u>
31	<u>23.76</u>	<u>24.84</u>	<u>25.02</u>
32	<u>24.47</u>	<u>25.55</u>	<u>25.73</u>
33	<u>25.18</u>	<u>26.26</u>	<u>26.44</u>
34	<u>25.89</u>	<u>26.97</u>	<u>27.15</u>
35	<u>26.60</u>	<u>27.68</u>	<u>27.86</u>
36	<u>27.31</u>	<u>28.39</u>	<u>28.57</u>
37	<u>28.02</u>	<u>29.10</u>	<u>29.28</u>
38	<u>28.73</u>	<u>29.81</u>	<u>29.99</u>
39	<u>29.44</u>	<u>30.52</u>	<u>30.70</u>
40	<u>30.15</u>	<u>31.23</u>	<u>31.41</u>
41	<u>30.86</u>	<u>31.94</u>	<u>32.12</u>
42	<u>31.57</u>	<u>32.65</u>	<u>32.83</u>
43	<u>32.28</u>	<u>33.36</u>	<u>33.54</u>
44	<u>32.99</u>	<u>34.07</u>	<u>34.25</u>
45	<u>33.70</u>	<u>34.78</u>	<u>34.96</u>
46	<u>34.41</u>	<u>35.49</u>	<u>35.67</u>
47	<u>35.12</u>	<u>36.20</u>	<u>36.38</u>
48	<u>35.83</u>	<u>36.91</u>	<u>37.09</u>
49	<u>36.54</u>	<u>37.62</u>	<u>37.80</u>
50	<u>37.25</u>	<u>38.33</u>	<u>38.51</u>

Package Services
Media Mail/Library Mail*Library Mail (Continued)*

Maximum Weight (pounds)	5-Digit (\$)	Basic (\$)	Single-Piece (\$)
51	<u>37.96</u>	<u>39.04</u>	<u>39.22</u>
52	<u>38.67</u>	<u>39.75</u>	<u>39.93</u>
53	<u>39.38</u>	<u>40.46</u>	<u>40.64</u>
54	<u>40.09</u>	<u>41.17</u>	<u>41.35</u>
55	<u>40.80</u>	<u>41.88</u>	<u>42.06</u>
56	<u>41.51</u>	<u>42.59</u>	<u>42.77</u>
57	<u>42.22</u>	<u>43.30</u>	<u>43.48</u>
58	<u>42.93</u>	<u>44.01</u>	<u>44.19</u>
59	<u>43.64</u>	<u>44.72</u>	<u>44.90</u>
60	<u>44.35</u>	<u>45.43</u>	<u>45.61</u>
61	<u>45.06</u>	<u>46.14</u>	<u>46.32</u>
62	<u>45.77</u>	<u>46.85</u>	<u>47.03</u>
63	<u>46.48</u>	<u>47.56</u>	<u>47.74</u>
64	<u>47.19</u>	<u>48.27</u>	<u>48.45</u>
65	<u>47.90</u>	<u>48.98</u>	<u>49.16</u>
66	<u>48.61</u>	<u>49.69</u>	<u>49.87</u>
67	<u>49.32</u>	<u>50.40</u>	<u>50.58</u>
68	<u>50.03</u>	<u>51.11</u>	<u>51.29</u>
69	<u>50.74</u>	<u>51.82</u>	<u>52.00</u>
70	<u>51.45</u>	<u>52.53</u>	<u>52.71</u>

*Pickup On Demand Service*Add ~~\$25.00~~ \$26.50 for each Pickup On Demand stop.

1500 Special Services

1505 Ancillary Services**1505.1 Address Correction Service**

1505.1.1 Description

1505.1.2 Prices

	(\$)
Manual correction, each	
First-Class Mail or First-Class Package Service piece, on-piece correction only	0.00
Other	<u>0.78</u>
Electronic correction, each	
First-Class Mail or First-Class Package Service piece	<u>0.18</u>
Other	<u>0.40</u>
Automated correction (Letters Only)	
First-Class Mail piece	
First two notices, for a given address change, each	<u>0.13</u>
Additional notices, for a given address change, each	<u>0.20</u>
USPS Marketing Mail piece	
First two notices, for a given address change, each	0.15
Additional notices, for a given address change, each	0.35
Full-service correction, each	0.00

1505.2 Applications and Mailing Permits

1505.2.2 Prices

	(\$)
First-Class Mail Presort Mailing Fee (per year)	<u>310.00</u>
USPS Marketing Mail Mailing Fee (per year)	<u>310.00</u>
Periodicals Application Fees (one-time only for each)	
A. Original Entry	<u>930.00</u>
B. Re-entry	<u>120.00</u>
C. Registration for News Agents	<u>120.00</u>
Bound Printed Matter: Destination Entry Mailing Fee (per year) ¹	<u>310.00</u>
Application to Use Permit Imprint (one-time only)	<u>310.00</u>

1505.3 Business Reply Mail

1505.3.2 Prices

	(\$)
Permit (All categories)	<u>310.00¹</u>
Regular (no account maintenance fee)	
Per-piece charge	<u>1.05</u>
Regular (with account maintenance fee)	
Account maintenance (per year)	<u>910.00</u>
Per-piece charge	<u>0.130</u>
Qualified Business Reply Mail, low-volume	
Account maintenance (per year)	<u>910.00</u>
Per-piece charge	<u>0.090</u>
Qualified Business Reply Mail, high-volume	
Account maintenance (per year)	<u>910.00</u>
Quarterly	<u>3,150.00</u>
Per-piece charge	0.018
Bulk Weight Averaged (Non-letters only)	
Account maintenance (per year)	<u>910.00</u>
Per-piece charge	<u>0.026</u>
Monthly maintenance	<u>1,530.00</u>

1505.5 Certified Mail

1505.5.2 Prices

(Per piece)	(\$)
Certified Mail	<u>4.35</u>
Certified Mail with Restricted Delivery and/or Adult Signature	<u>11.45</u>

1505.6 Certificate of Mailing

1505.6.2 Prices*Individual Piece Prices*

	(\$)
Original Certificate of Mailing, Form 3817, individual article presented at retail	<u>1.95</u>
Three or more pieces individually listed on Form 3665-Firm or USPS approved customer provided manifest (per piece listed)	<u>0.57</u>
Each additional copy of original Certificate of Mailing, or original mailing receipt (Form 3877) for Registered Mail, insured mail, Certified Mail, and COD mail (each copy)	<u>1.95</u>

Quantity of Pieces

	(\$)
Up to 1,000 identical-weight pieces (one Form 3606 for total number)	<u>10.90</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.40</u>
Each additional copy of the original Form 3606	<u>1.95</u>

1505.7 Collect on Delivery

1505.7.2 Prices

(\$)		(\$)	(\$)
Amount to be collected, or insurance coverage desired, whichever is higher:			
0.01	to	50.00	<u>10.60</u>
50.01	to	100.00	<u>13.15</u>
100.01	to	200.00	<u>16.05</u>
200.01	to	300.00	<u>18.95</u>
300.01	to	400.00	<u>21.85</u>
400.01	to	500.00	<u>24.75</u>
500.01	to	600.00	<u>27.65</u>
600.01	to	700.00	<u>30.55</u>
700.01	to	800.00	<u>33.45</u>
800.01	to	900.00	<u>36.35</u>
900.01	to	1,000.00	<u>39.25</u>
Additional Fees for Optional Features:			
COD Restricted Delivery			<u>6.90</u>

*Special Services
Ancillary Services***1505.8 USPS Tracking**

1505.8.2 Prices

	(\$)
USPS Marketing Mail Parcels	
Electronic	<u>0.28</u>

*Special Services
Ancillary Services***1505.9 Insurance**

1505.9.2 Prices*Merchandise Coverage^{1, 2, 3}*

(\$)		(\$)		(\$)
0.01	to	50.00		<u>2.70</u>
50.01	to	100.00		<u>3.45</u>
100.01	to	200.00		<u>4.55</u>
200.01	to	300.00		<u>5.95</u>
300.01	to	400.00		<u>7.50</u>
400.01	to	500.00		<u>9.05</u>
500.01	to	600.00		<u>12.15</u>
600.01	to	5,000.00		<u>12.15</u> plus <u>1.85</u> for each 100.00 or fraction thereof over 600.00
Additional Fee for Optional Feature				
Insurance Restricted Delivery				<u>6.90</u>

1505.11 Parcel Airlift (PAL)

1505.11.2 Prices

	(\$)
For pieces weighing:	
Not more than 2 pounds	<u>1.15</u>
Over 2 but not more than 3 pounds	<u>1.95</u>
Over 3 but not more than 4 pounds	<u>2.65</u>
Over 4 but not more than 30 pounds	<u>3.45</u>

1505.12 Registered Mail

1505.12.2 Prices

(\$)		(\$)	(\$)
Declared Value:			
0.00			<u>16.80</u>
0.01	to	100.00	<u>17.55</u>
100.01	to	500.00	<u>20.20</u>
500.01	to	1,000.00	<u>22.55</u>
1,000.01	to	2,000.00	<u>24.90</u>
2,000.01	to	3,000.00	<u>27.25</u>
3,000.01	to	4,000.00	<u>29.60</u>
4,000.01	to	5,000.00	<u>31.95</u>
<u>5000.01</u>	to	<u>15,000,000.00</u> <u>\$50,000.00</u>	<u>31.95 plus</u> <u>2.35 for each</u> <u>1000.00 or</u> <u>fraction</u> <u>thereof over</u> <u>5,000.00</u>
<u>Greater than</u>		<u>15,000,000.00</u> <u>\$50,000*</u>	<u>30,768.30</u> <u>plus amount</u> <u>determined</u> <u>by the Postal</u> <u>Service</u> <u>based on</u> <u>weight,</u> <u>space, and</u> <u>value</u> <u>137.70</u>
*Customers must declare the full value of registered items. Items with declared value of more than \$50,000 can be registered, but <i>insurance</i> compensation for loss, damage or missing contents is limited to \$50,000.			
Additional Fees for Optional Features:			
Registered Mail Restricted Delivery			<u>6.90</u>
Registered COD			<u>7.75</u>

1505.13 Return Receipt

1505.13.2 Prices

	(\$)
Original signature (hardcopy)	<u>3.55</u>
Copy of signature (electronic)	<u>2.20</u>

Special Services
*Ancillary Services***1505.16 Shipper-Paid Forwarding/Return**

1505.16.2 Prices

	(\$)
Account Maintenance Fee (per year)	<u>910.00</u>

1505.17 Signature Confirmation

1505.17.2 Prices

	(\$)
Electronic	<u>3.40</u>
Retail	<u>4.05</u>
Additional Fee for Optional Feature:	
Signature Confirmation Restricted Delivery	<u>6.90</u>

1505.19 Stamped Envelopes

1505.19.2 Prices

	(\$)
Plain stamped envelopes	
Basic, size 6-3/4, each	<u>0.19</u>
Basic, size 6-3/4, 500	<u>23.55</u>
Basic, over size 6-3/4, each	<u>0.19</u>
Basic, over size 6-3/4, 500	<u>26.80</u>
Personalized stamped envelopes	
Basic, size 6-3/4, 50	<u>7.55</u>
Basic, size 6-3/4, 500	<u>36.05</u>
Basic, over size 6-3/4, 50	<u>7.55</u>
Basic, over size 6-3/4, 500	<u>40.85</u>
Additional Charges for premium options, per 50 envelopes	
Pressure-sensitive sealing	<u>7.35</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.50</u>
Window	<u>1.50</u>
Additional Charges for premium options, per 500 envelopes	
Pressure-sensitive sealing	<u>21.40</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>3.10</u>
Window	<u>3.10</u>

*Special Services
Ancillary Services*

	(\$)
Shipping—Boxes of 50	
1 box	<u>7.30</u>
2 boxes	<u>8.90</u>
3 boxes	<u>10.55</u>
4 boxes	<u>11.90</u>
5 boxes	<u>14.65</u>
6 boxes	<u>15.70</u>
7 boxes	<u>17.45</u>
8 boxes	<u>19.20</u>
9 or more boxes	<u>21.85</u>
Shipping—Boxes of 500	
1 box	<u>13.40</u>
2 or more boxes	<u>21.80</u>

1505.20 Stamped Cards

1505.20.2 Prices

	(\$)
Single card	0.05
Double reply-paid card	0.10
Sheet of 40 cards (uncut)	2.00
Pack of 10 sheets of 4 cards each	<u>2.45</u>
Premium Options (Additional Charge)	(\$)
Per order of 250 cards	
Printing of return address	<u>25.00</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>1.25</u>
Monogram	<u>1.25</u>
4-Color logo – first 250 cards	<u>103.00</u>
4-Color logo – additional 250 cards	<u>6.35</u>
Per Order of 1,000 cards	
Printing of return address	<u>62.00</u>
Font size, font style, and/or ink color (for one, two, or all three)	<u>2.55</u>
Monogram	<u>2.55</u>
4-Color logo – first 1,000 cards	<u>108.00</u>
4-Color logo – additional 1,000 cards	<u>12.70</u>

*Special Services
International Ancillary Services***1510 International Ancillary Services****1510.1 International Certificate of Mailing**

1510.1.2 Prices*Individual Piece Prices*

	(\$)
Original certificate of mailing for listed pieces of ordinary Single-Piece First-Class Mail International items	<u>1.95</u>
Three or more pieces individually listed in a firm mailing book or an approved customer provided manifest (per piece)	<u>0.57</u>
Each additional copy of original certificate of mailing or firm mailing bills (each copy)	<u>1.95</u>

Multiple Piece Prices

	(\$)
Up to 1,000 identical-weight pieces (one certificate for total number)	<u>10.90</u>
Each additional 1,000 identical-weight pieces or fraction thereof	<u>1.40</u>
Duplicate copy	<u>1.95</u>

*Special Services
International Ancillary Services*

1510.2 **International Registered Mail**

1510.2.2 Prices

Outbound International Registered Mail Prices

	(\$)
Per Piece	<u>20.25</u>

*Special Services
International Ancillary Services***1510.3 International Return Receipt**

1510.3.2 Prices*Outbound International Return Receipt Prices*

	(\$)
Per Piece	<u>5.65</u>

Special Services
International Ancillary Services

1510.4 **Customs Clearance and Delivery Fee**

1510.4.2 Prices

	(\$)
Per Dutiable Item	<u>8.30</u>

Special Services
*Address Management Services***1515 Address Management Services**

1515.2 Prices

	(\$)
Address Sequencing	
Per correction (removal of each undeliverable address, or addition of each missing or new address)	0.57
Insertion of blanks	0.00
AEC II Service	
1-100 records resolved, minimum fee	<u>47.00</u>
Additional records resolved, per record	<u>0.47</u>
AIS (Address Information System) Viewer (per year, per site)	
City State Delivery Type Retrieval Annual Subscription	<u>115.00</u>
County Name Retrieval Annual Subscription	<u>115.00</u>
Delivery Statistic Retrieval Annual Subscription	<u>150.00</u>
ZIP + 4 Retrieval Annual Subscription	<u>115.00</u>
CRIS Route (per year)	
Per state (annual subscription)	<u>85.00*</u>
All States (annual subscription)	<u>1,300.00*</u>
CASS Certification	
Cycle Testing: (for next cycle) August-January	<u>890.00</u>
Cycle Testing: February, March	<u>890.00</u>
Cycle Testing: April	<u>890.00</u>
Cycle Testing: May	<u>890.00</u>
Cycle Testing: June	<u>890.00</u>
Cycle Testing: July	<u>890.00</u>
Cycle Testing: (for current cycle) After July 31 st	<u>890.00</u>

*Special Services
Address Management Services*

	(\$)
Change-of-Address Information for Election Boards and Registration Commissions	
Per change of address	0.57
Change-of-Address Customer Notification Letter Reprint	<u>70.00</u>
City State (per year)	
All States (annual subscription)	<u>530.00*</u>
CDS (per address, per year)	<u>0.017</u>
Minimum (per year)	<u>85.00</u>
Delivery Statistics (per year)	
All States (annual subscription)	<u>550.00*</u>
DMM Labeling Lists	<u>85.00*</u>
DPV System (per year) ³	<u>15,350.00</u>
DSF ² Service (per year) ⁴	<u>156,000.00</u>
Each additional location per year	<u>78,000.00</u>
Each additional platform per location per year	<u>78,000.00</u>
eLOT Service (per year)	
Per state (annual subscription)	<u>85.00*</u>
All States (annual subscription)	<u>1,300.00*</u>
Extended Mail Forwarding	
6-month extension	19.95
12-month extension	29.95
18-month extension	39.95

	(\$)
Five-Digit ZIP (per year)	
All States (annual subscription)	<u>765.00*</u>
LACSLink5	
Interface Developer (first year)	<u>1,650.00⁶</u>
Interface Developer (each one-year extension)	<u>480.00⁶</u>
Interface Distributor (per year)	<u>1,850.00⁷</u>
Data Distributor (per year)	<u>480.00</u>
End User (per year)	<u>480.00⁸</u>
MASS Certification	
MASS Manufacturers (MLOCR)	
Cycle Testing: (for next cycle) November – June	<u>1,110.00</u>
Cycle Testing: July	<u>1,110.00</u>
Cycle Testing: (for current cycle) After July 31 st	<u>1,110.00</u>
MASS End-Users (MLOCR)	<u>1,110.00</u>
Cycle Testing: (for next cycle) March – June	<u>1,110.00</u>
Cycle Testing: July	<u>1,110.00</u>
Cycle Testing: (current cycle) After July 31 st	<u>1,110.00</u>
MASS Manufacturers (Encoder)	<u>1,110.00</u>
Cycle Testing: (for next cycle) November – June	<u>1,110.00</u>
Cycle Testing: July	<u>1,110.00</u>
Cycle Testing: (for current cycle) After July 31 st	<u>1,110.00</u>
MASS End-Users (Encoder)	<u>1,110.00</u>
Cycle Testing: (for next cycle) March – June	<u>1,110.00</u>
Cycle Testing: July	<u>1,110.00</u>
Cycle Testing: After July 31 st	<u>1,110.00</u>
MASS IMb Quality Testing	<u>555.00</u>

*Special Services
Address Management Services*

	(\$)
NCOA ^{Link} Service ¹¹	
Initial Interface Developer (first year fee)	<u>8,800.00</u>
Interface Developer (per each one year extension)	<u>1,840.00</u>
Interface Distributor (per year)	<u>42,150.00</u>
Full Service Provider (per year)	<u>294,500.00</u>
Full Service Provider Each Additional Site (per year)	<u>144,500.00</u>
Limited Service Provider (per year)	<u>24,450.00</u>
Limited Service Provider (per each one year extension)	
One Site only	<u>24,450.00</u>
Each additional site	<u>12,225.00</u>
ANKLink Service Option (per year)	
First Site	<u>5,770.00</u>
Each Additional Site	<u>2,670.00</u>
End User/MPE (first year)	<u>12,200.00</u>
End User/MPE (each renewal year)	
One site (each site for MPE)	<u>12,200.00</u>
Each additional site (End User only)	<u>5,770.00</u>
ANK ^{Link} Service Option (per year)	<u>1,330.00</u>
NCOA ^{Link} Test, Audit (each)	<u>1,780.00</u>
Official National Zone Charts (per year)	
Matrix	<u>80.00*</u>
RDI Service (per year) ¹	<u>490.00*</u>
Z4 Change (per year)	
All States	<u>4,625.00*</u>
ZIP + 4 Service (per year)	
Per state (annual subscription)	<u>85.00*</u>
All States (annual subscription)	<u>1,300.00*</u>
ZIP Move (per year)	
All States (annual subscription)	<u>175.00*</u>
99 Percent Accurate Method (per 1,000 addresses per year)	<u>1.60</u>
Minimum (per year)	<u>160.00</u>

AMS Price Table for Single Issues or Additional Copies

Address Management Services with an asterisk allow copying for an additional fee, and provide a single issue instead of an annual subscription for a reduced fee. The fee is calculated by multiplying the list price by a factor based on a single issue or the total number of copies to be made, as shown below.

Price* (per year, from above) x Factor corresponding to single issue or number of copies (far right column below) = \$ Total Price (per year)

Number of Copies	*Price (from above)	Multiply by	Factor
Single Issue	*Price	x	0.80
1-100	*Price	x	2.0
101-200	*Price	x	4.0
201-300	*Price	x	6.0
301-400	*Price	x	8.0
401-500	*Price	x	10.0
501-600	*Price	x	12.0
601-700	*Price	x	14.0
701-800	*Price	x	16.0
801-900	*Price	x	18.0
901-1000	*Price	x	20.0
1001-10,000	*Price	x	25.0
10,001 – 20,000	*Price	x	30.0
20,001 – 30,000	*Price	x	35.0
30,001 and over	*Price	x	40.0
Unlimited quantity of any of the following: Five-Digit ZIP, City State, CRIS, Delivery Statistics, eLot, RDI Service, Z4Change, ZIPMove, ZIP + 4, DMM Labeling Lists, Official National Zone Charts	<u>\$16,500.00</u>	n/a	n/a

*Special Services
Caller Services***1520 Caller Service**

1520.2 Prices

	(\$)
Groups based on Post Office location (Semi-Annual):	
Group 1	<u>1,050.00</u>
Group 2	<u>970.00</u>
Group 3	<u>890.00</u>
Group 4	<u>835.00</u>
Group 5	<u>790.00</u>
Group 6	<u>730.00</u>
Group 7	<u>695.00</u>
Call Number Reservation (Annual ¹)	<u>72.00</u>
Customized Address (charge per approved address²)	
—First Year	0.00
—Additional Year	0.00

Notes

~~2. ——— Caller Service customers who have been assigned a unique 5-digit Zip Code that is only used by their company can apply to use a customized address in place of their assigned PO Box Number.~~

Special Services
*International Business Reply Mail Service***1540 International Business Reply Mail Service**

1540.3 Prices*Outbound International Business Reply Mail Service Prices*

	(\$)
Card	<u>2.10</u>
Envelope	<u>2.65</u>

*Special Services
Money Orders***1545 Money Orders**

1545.2 Prices

	(\$)		(\$)	(\$)
Domestic	0.01	to	500.00	<u>2.00</u>
Domestic	500.01	to	1,000.00	<u>2.90</u>
APO/FPO/DPO	0.01	to	1,000.00	<u>0.65</u>
Inquiry, including a copy of paid money order				<u>17.30</u>

*Special Services
Post Office Box Service***1550 Post Office Box Service**

1550.4 Prices

Regular and No Fee

Box Size	Semi-annual Fees ¹ (Groups based on Post Office location) (\$)							
	1	2	3	4	5	6	7	E ²
1	<u>74.00</u>	<u>60.00</u>	<u>50.00</u>	<u>41.00</u>	<u>35.00</u>	<u>31.00</u>	<u>28.00</u>	0.00
2	<u>108.00</u>	<u>89.00</u>	<u>71.00</u>	<u>59.00</u>	<u>49.00</u>	<u>41.00</u>	<u>36.00</u>	0.00
3	<u>187.00</u>	<u>150.00</u>	<u>122.00</u>	<u>93.00</u>	<u>76.00</u>	<u>59.00</u>	<u>54.00</u>	0.00
4	<u>337.00</u>	<u>279.00</u>	<u>227.00</u>	<u>174.00</u>	<u>132.00</u>	<u>97.00</u>	<u>80.00</u>	0.00
5	<u>532.00</u>	<u>436.00</u>	<u>355.00</u>	<u>300.00</u>	<u>214.00</u>	<u>171.00</u>	<u>142.00</u>	0.00

Box Size	3-Month Fees (Groups based on Post Office location) (\$)						
	1	2	3	4	5	6	7
1	<u>45.00</u>	<u>36.00</u>	<u>30.00</u>	<u>25.00</u>	<u>22.00</u>	<u>19.00</u>	<u>18.00</u>
2	<u>65.00</u>	<u>54.00</u>	<u>44.00</u>	<u>36.00</u>	<u>30.00</u>	<u>25.00</u>	<u>22.00</u>
3	<u>113.00</u>	<u>90.00</u>	<u>74.00</u>	<u>56.00</u>	<u>46.00</u>	<u>36.00</u>	<u>33.00</u>
4	<u>203.00</u>	<u>167.00</u>	<u>136.00</u>	<u>104.00</u>	<u>79.00</u>	<u>58.00</u>	<u>49.00</u>
5	<u>319.00</u>	<u>262.00</u>	<u>214.00</u>	<u>180.00</u>	<u>129.00</u>	<u>103.00</u>	<u>86.00</u>

Postal Facilities Primarily Serving Academic Institutions or Their Students

Ancillary Post Office Box Services

	(\$)
Key duplication or replacement	<u>12.00</u>
Lock replacement ¹	25.00
Key deposit	5.00

Special Services
*Stamp Fulfillment Services***1560 Stamp Fulfillment Services**

1560.2 Prices

Orders mailed to domestic United States destinations	(\$)
Orders up to \$50.00	<u>1.65</u> ¹ , add <u>3.00</u> ² for custom orders
Orders over \$50.00	<u>2.30</u> ¹ , add <u>3.00</u> ² for custom orders
Orders mailed to destinations outside of domestic United States	(\$)
Orders up to \$50.00	<u>8.70</u> add <u>3.00</u> ² for custom orders
Orders over \$50.00	<u>9.35</u> add <u>3.00</u> ² for custom orders
